FAIR Review

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Market Overview of

Libya

Market Overview of

Malaysia

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FAIR Review

FAIR in Brief

Federation of Afro-Asian Insurers & reinsurers "FAIR" is a priceless instrument and media for cooperation, and our responsibility is to make it more responsive, more effective and more dynamic. FAIR was established in September 1964, to promote cooperation among insurance and reinsurance companies in Africa and Asia, through the regular exchange of information, experience and the development of business relations.

Vision:

FAIR aims to become a driving force for international insurance cooperation by promoting collaboration and adoption of international standards.

Mission:

FAIR will lead the effort to achieve harmonization of insurance markets by promoting the adoption and implementation of international standards among members facilitating the sharing of information and expertise and enhancing cooperation to be of added value to members.

FAIR's added value is based on:

- Wide recognition of brand and name of FAIR on the world scene,
- A broad range of deliverable affecting the members' interests,
- Strong national membership base,
- Extensive networking at both international and regional levels,
- Building regional bases (hub) that provides a variety of shared resources and services to local member companies.

FAIR Review

The "FAIR Review" is published quarterly by the central office and circulated to over 6000 of FAIR's members & friends from various insurance markets. It is devoted to disseminate the research work, articles and information, to enhance professional knowledge among insurance professionals.

The articles in FAIR Review represent the opinion of the authors and are not representative of the views of FAIR. Responsibility for the information and views expressed lies entirely with the author(s).

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- ***Credit Conditions Update October 2023***

War in Middle East Compounds Global Geopolitical Risks

S&P Global Ratings

This report provides an interim Credit Conditions commentary following the attack on Israel by Hamas on Oct. 7, 2023. S&P Global Ratings' Credit Conditions Committees meet quarterly to review macroeconomic conditions in each of four regions (Asia-Pacific, Emerging Markets, North America, and Europe). Discussions center on identifying credit risks and their potential ratings impact in various asset classes, as well as borrowing and lending trends for businesses and consumers

Key Takeaways

- The eruption of war between Hamas and Israel in the Middle East puts further upward pressure on our global assessment of geopolitical risk that we already view as elevated and worsening. This compounds the strain on international relations caused by the Russian invasion of Ukraine and the tense relationship between China and the U.S.
- While not underestimating the severity of the human tragedy unfolding in Israel and Gaza, our current base case is that the conflict will likely be largely contained to Israel and Gaza, limiting the geographic and credit impact of the conflict.
- The risks of escalation involving the opening of a second front with full military engagement of Lebanese militant group Hezbollah remain material, but we think it less likely that Iran would become directly involved.
- A key risk in the event of escalation would be the potential for an energy supply shock, which could underpin inflation and weigh on economic activity.

The attack on Israel by the militant group Hamas on Oct. 7 has reopened old wounds in the Middle East and created further geopolitical fissures in an increasingly fragile and uncertain world. We recognize that this remains a rapidly evolving situation, fraught with danger, and one that will take several weeks, if not months, to stabilize. Yet, it will inevitably shape relations in the region for many years to come. We see some potential repercussions, both short and longer term, as well as latent risks regionally and globally.

Contained Spillovers in The Short Term Are Still the Most Likely Outcome

For now, the economic and credit impact is largely being contained to Israel, Gaza, Egypt, and Jordan, even though recent developments present a real threat to stability in the wider Middle East and add to already heightened geopolitical concerns globally. The immediate focus is centered on Israel's military response to the Hamas atrocity, which needs to be carefully calibrated both to minimize the number of civilian casualties in Gaza and to attempt to safeguard the large number of Israeli hostages.

Our current base case is that the conflict will likely be contained to Israel and Gaza, with limited spillovers to other countries.

The modest reaction in traditional market barometers of financial stress also point in this direction. Safe havens, such as the U.S. dollar are marginally higher since Hamas' attack on Israel on Oct. 7, while gold is just over 4% higher. Brent crude, at $90.6 per barrel, is 7% above the Oct. 6 close, although to put this in context it is still 7% lower than it reached two weeks ago. Oil prices nevertheless remain volatile and we expect upward pressures will remain while tensions in the Middle East persist and the risk of Iran becoming more directly involved in the conflict remains.

The price of natural gas is seeing a bigger impact. In part, the Israeli government-mandated closure of the Tamar offshore platform has contributed to the almost 30% surge in Title Transfer Facility (TTF) prices back to March/April 2023 levels at around €49 per megawatt-hour. But for reference, only 35% of Tamar's 10 billion cubic meters per annum current production can be exported to Egypt, so even if Egypt were to cut its modest and erratic liquified natural gas (LNG) exports by that amount, it would only amount to 1% of Europe's annual supply (and less than 1% of the global LNG market). So it is not very material in the bigger scheme of things.

Nonetheless, this war between Israel and Hamas acts as a further dampener on global business and consumer confidence that is already weak, while muddying the waters for advanced economies' central banks in their fight against inflation. The disruption to Israel's economy will be more material, not least due to the rapid call-up of 360,000 reservists between the ages of 18 and 40, comprising 6.2% of the 18-64 working-age population. Israel is a service-led economy, with the computing and information services sector the largest export contributor to the country at 5.6% GDP in 2021.

At the same time, travel and tourism could suffer amid concerns the conflict will spill over to other regions or that terrorist attacks could take place in other large cities. In particular, given the proximity of Sharm el-Sheikh to Gaza, Egypt's tourism sector could suffer. Moreover, fears of additional incidents could put a dampener on the return-to-office movement that many companies have advocated, given the ability of many employees to work remotely--thus weighing on economic activity in urban areas.

Another Geopolitical Fault Lines Reopens

The longstanding issue of the future of Palestine has been restored to center stage, in our opinion, beyond what could be a drawn-out war in Gaza carrying huge uncertainty and risk as Israel acts to restore confidence in its own security in the region.

More broadly, this crisis reopens another geopolitical fault line that could shift priorities, notably in the U.S., away from Ukraine and toward providing military and diplomatic support for Israel. This represents a challenge for Europe to step up military support for Ukraine in addition to the financial and humanitarian support it already provides. At this stage, it is not clear that the EU can be fully committed to providing the level of support that will be necessary to allow Ukraine to continue to build on its offensive capabilities.

Escalation Is the Critical Risk

A top risk is escalation/contagion should Hezbollah launch a full-scale second front in the North of Israel or should Iran get directly involved.

This crisis has reawakened latent sympathy for the Palestine cause in many countries and communities, which could become manifest in demonstrations and protests from Palestinian-supporting groups across the globe. There is little visibility about where and how this tension could translate into severe violence, but depending on how any Israeli ground offensive in Gaza progresses, these disturbances could grow across the globe.

We think that any likelihood of direct escalation involving Iran seems relatively low at this stage. The main reason for this is that Iran has already achieved its overarching objective, namely derailing the rapprochement between Israel, Saudi Arabia, and the U.S. that seemed close to being agreed in coming months but is now likely set back for many years. Consequently, Iran has little further to gain and quite a lot to lose if it provokes a broader conflict that could result in further sanctions and military engagement, including potentially with the U.S.

Similarly, Russia could indirectly benefit from this crisis. U.S. foreign aid support for Ukraine may be downsized as attention turns toward Israel. Furthermore, while Russia has been building closer relations with Iran, it has also traditionally maintained good relations with Israel, partly as many Israelis have dual Israeli-Russian nationality. The risk, of course, is that Russia becomes more likely to retain captured Ukrainian territory and continue to act as a destabilizing influence in the region.

A key risk in the event of escalation would be the potential for an energy supply shock. While full-scale involvement of Hezbollah, would likely significantly increase risk premiums and volatility in financial markets, any potential oil supply disruption caused by sanctioning Iran and cutting off the exports of Iranian oil—currently about 2 million barrels per day (mbd)--might be offset by Saudi Arabia given it has sufficient spare production capacity (about 3 mbd). But this is not certain, as Saudi Arabia also wants to see a relatively strong global oil price.

The extreme tail risks for energy relate more to the possibility of Iran impeding transit through the Strait of Hormuz, the supply route for about 30% of the world's seaborne oil and one-fifth of global LNG supplies (mostly from Qatar) in a tight market. India (which imports one-half of its LNG from Qatar alone) and other APAC markets would be physically the heaviest affected. Yet, Europe also receives one-fifth of Qatar's exports (about 5% of the total European market) and its supply/demand balance has been very tight since Nordstream 1 closed in Sept. 2022.

Nevertheless, even in the absence of a material energy supply shock, the evident sensitivity in energy prices to recent events indicate that some inflationary pressures could persist through the Northern Hemisphere winter, particularly if supply disruptions of natural gas and LNG to Europe become more widespread. ■ Source: S&P Global Ratings –18 October 2023

• IAIS: *Global Insurance Sector Capital Adequacy Remains Sound*

The International Association of Insurance Supervisors (IAIS) published its 2023 Global Insurance Market Report (GIMAR), sharing the outcomes of this year's Global Monitoring Exercise (GME), the IAIS' risk assessment framework to monitor key risks and trends and detect the potential build-up of systemic risk in the global insurance sector.

The GME builds on data collected by year-end 2022 from approximately 60 of the largest international insurance groups and aggregate sector-wide data from supervisors across the globe, covering over 90% of global written premiums.

"GME data indicates that global insurance sector capital adequacy remains sound but has slightly declined at year-end 2022, primarily due to financial market developments such as lower asset valuations," said Shigeru Ariizumi, IAIS Executive Committee Chair. "Nevertheless, the aggregate systemic risk footprint of the insurance sector decreased at year-end 2022 compared to the year before."

Key drivers for the decline in system risk scores of the insurance sector are lower exposures to short-term funding, liability liquidity, intra-financial assets and minimum guarantees on variable products. A cross-sectoral comparison of insurance systemic risk scores with the banking sector shows that systemic risk stemming from insurers remains significantly below that of banks.

The assessment of climate-related risks in the insurance sector shows that insurers globally maintained significant exposure to climate-related assets, with insurers continuing to allocate substantial portions of their investment portfolios to climate-relevant sectors, exposing themselves to transition risk. One of the main physical risks of climate change for insurers is the expected increase in claims related to NatCat events. An increase in extreme NatCat events may impact insurers' profitability, challenge their capital management and may disrupt reinsurance markets.

In-depth analysis was performed on two macroprudential themes, which will also be the focus of ongoing work:

- Interest rate, liquidity and credit risks in a challenging macroeconomic environment; and
- Structural shifts in the life insurance sector, including greater allocation of capital to alternative assets and increased reliance on cross-border asset-intensive reinsurance.

"While rising interest rates positively affected insurers' aggregate solvency positions, they may result in unforeseen cash outflows, such as margin calls on derivatives or policy surrenders," remarked Jonathan Dixon, IAIS Secretary General. "In the evolving digital landscape, lapse risk dynamics may have shifted. Factors such as social media can influence policyholder behaviour and the speed at which collective action is initiated." As a result, supervisors are intensifying their monitoring efforts, employing more frequent offsite and onsite supervision. This includes sensitivity analysis and liquidity risk stress testing. Increasing credit risk is also top of mind for supervisors, as are commercial real estate exposures and the insurance sector's interconnectedness with banks.

"We have also been investigating possible risks stemming from shifts in the life insurance sector, including asset-intensive reinsurance and increased asset allocation to alternative investments, which tend to be more complex and less liquid in nature," highlighted Ariizumi. "An adequate understanding of these investments and the management of their risk at the insurer level is important, alongside ensuring that investments are appropriately matched with the liquidity profile of insurers' liabilities."

The increasing use of cross-border asset-intensive reinsurance transactions has raised questions about the extent to which regulatory differences in valuation, reserving and capital requirements across jurisdictions drive this trend. Supervisory focus on these reinsurance transactions also aims to provide clarity on who retains asset ownership (cedent or reinsurer), who manages the assets and which jurisdiction has supervisory authority over these assets.

Lastly, data from the GME demonstrates a sustained growth trajectory in the global reinsurance market. However, significant increases in insured losses caused by NatCat events created pressure on reinsurers' profitability, which deteriorated materially in 2022, notably in the Americas and Europe.

Looking ahead, risk factors affecting future insurance sector solvency and profitability include sustained high levels of inflation, lapses, significant unrealised loss positions and the possibility of a reduction in demand for insurance due to strains on the purchasing power of households. Additionally, geopolitical tensions continue to negatively influence the outlook. The IAIS will continue to actively monitor the global insurance market and refine its systemic risk assessment, including through the development of additional indicators in 2024. ■

Source: XPRIMM – 13 December 2023

Global Insurance Market Report
6 Dec 2023
(Click Here)

GIMAR Annex 4
6 Dec 2023
(Click Here)

• *AM Best Issues FAQ on Its National Scale Ratings*

BEST'S COMMENTARY

A new Best's Commentary addresses frequently asked questions about Best's National Scale Ratings (NSR) and how they compare with global Best's Credit Ratings.

An NSR is a relative measure of the financial strength of insurers and reinsurers that are domiciled in the same country. The NSR focuses on local insurance market characteristics and allows for a more appropriate comparison among domestic market participants, which over time should allow for greater differentiation among them.

AM Best currently assigns NSRs in Egypt, India, Indonesia, Mexico, the Philippines and Vietnam.

Some of the issues the commentary also addresses include:

- When an NSR can be assigned;
- How NSRs are mapped from Best's Issuer Credit Ratings; and
- Whether country risk can influence an NSR.

General

What benefit does a National Scale Rating provide?

A National Scale Rating (NSR) is a relative measure of the financial strength of insurers and reinsurers that are domiciled in the local market. The NSR focuses on local insurance market characteristics and allows for a more appropriate comparison among domestic market participants, which, over time, should allow for greater differentiation among them. An NSR significantly reduces the impact of country risk evident in the global Issuer Credit Rating (ICR), particularly for Country Risk Tiers (CRTs) 3 to 5.

Do any countries already have an NSR?

Yes. NSRs have been assigned for Egypt, India, Indonesia, Mexico, the Philippines, and Vietnam.

Are there plans to introduce NSRs for other countries?

AM Best considers assigning NSRs to new countries every year. Please refer any requests for new NSRs to AM Best's *Market Development Team*.

When can an NSR be assigned?

An NSR is assigned at the request of an insurer or reinsurer. A full review of the company's rating fundamentals on the global ICR scale must take place and be presented to the rating committee, to determine the global ICR from which the NSR is translated using published tables.

Where can I find the NSR tables?

The NSR tables are in *Best's National Scale Ratings* criteria procedure, Exhibits D1 to D6.

Will AM Best publish only an NSR?

Any NSR published by AM Best will be accompanied by a public, global ICR, as well as a Financial Strength Rating (FSR) when applicable.

Can an FSR be mapped to an NSR?

No. An NSR should not be mapped directly from an FSR. The analytical fundamentals are based on the global ICR, which should be used for translating the rating into an NSR.

Are rating outlooks applied to an NSR, and can they differ from the global ICRs?

Typically, an NSR will have the same outlook as the global ICR. In certain cases, the outlooks may differ—for instance, when the change in the global ICR does not affect the NSR. For example, a global ICR of "bbb+" with a "Positive" outlook in India, would translate to an NSR of "aaa.IN" with a "Stable" outlook.

Can NSRs be placed under review independent of the global ICR?

Yes. Typically, an NSR will have the same under review status as the global ICR. However, in certain cases, the under review status may differ. A global ICR may be unaffected by an event, but the NSR in the global ICR band does have the potential to change.

Can an NSR be rated on a private basis?

Yes. An NSR can be rated on a private basis. In most cases, the associated ratings on the ICR and FSR will also be private.

Is a company excluded from getting an NSR if most of its business is outside its domicile?

No. An NSR can be assigned to any (re)insurer that is domiciled in a jurisdiction to which AM Best applies an NSR.

Can a company that generates a significant portion of its business in an NSR-eligible country that is not domiciled in that country be eligible for an NSR?

No. NSRs can be assigned only to companies or subsidiaries that are domiciled in that country.

Assessing and Calibrating NSRs

How are NSR-ICR mappings derived?

An initial NSR mapping is developed through a largely quantitative process. Analytical judgment is then used, if necessary, to adjust the initial output to better achieve the aim of generating a scale that can discern the relative financial strength of (re)insurers in a given market.

Can AM Best's NSRs be compared to other credit rating agencies' NSRs?

No. The calibration of an NSR is specific and unique to AM Best and focuses solely on the insurance industry. NSRs cannot be compared directly to other credit rating agencies' NSRs, as they all have different approaches to calibration.

Can an NSR in one country be compared to an NSR in another country?

No. The calibration of an NSR is specific and unique to a country based on the market characteristics of that country. For example, an NSR for Egypt cannot be compared to an NSR for India.

When can an NSR change?

An NSR can change when the global ICR of the (re)insurer changes, or the NSR translation table changes, or the rating committee's assessment of the NSR changes, whereby a global ICR corresponds

What analytical process does a company need to go through to obtain an NSR?

The NSR is translated from the global ICR. A full review of the company's ratings fundamentals, as detailed in *Best's Credit Rating Methodology*, to determine the global ICR would be needed. If there are one-to-many corresponding NSRs between the assigned global ICR and the NSR, a rating committee will determine the appropriate NSR that places the rated company in the context of the local market.

If the company has an existing global ICR rating, can it obtain an NSR?

Yes. However, before an NSR can be assigned, the global ICR needs to be updated.

How often are translation tables for NSRs updated?

NSR mappings are reviewed annually at a minimum, or more frequently as needed, to reflect market conditions and business. For example, the country's NSR mapping could change if the metrics used in the calculation change materially or the country's operating environment changes significantly. However, we expect the translation tables to be relatively stable.

Can two companies have the same global ICR but a different NSR?

Yes. In certain cases, the global ICR can include one-to-many corresponding NSRs. The rating committee determines which of the possible NSRs will be assigned to the company.

Country Risk

Can country risk influence the NSR?

The impact of country risk is significantly reduced when considering the NSR, as it is a relative measure of a company against its peers in its market. Country risk is an important component of the global ICR assessment.

Can NSRs be assigned to (re)insurers domiciled in CRT-1/CRT-2 countries?

Yes. At present, however, no NSRs are available for CRT-1 or 2 countries.

What would happen in the event of a sudden deterioration in the sovereign rating?

NSRs are meant to be stable over time unless there is a fundamental shift in the underlying environment affecting the financial strength of insurers in a country. A significant change in the sovereign rating is one of the factors AM Best would consider when assessing whether such a fundamental shift has occurred.

Why do NSR mappings differ for countries in the same CRT?

An NSR mapping is based on the market characteristics of a specific insurance market and not on a country's CRT. The characteristics of different insurance markets in a CRT may vary widely from one country to the next. Source: AM Best – 9 October 2023

• *Climate Change: No. 1 Problem of No Nation?*

by Katharina Buchholz,

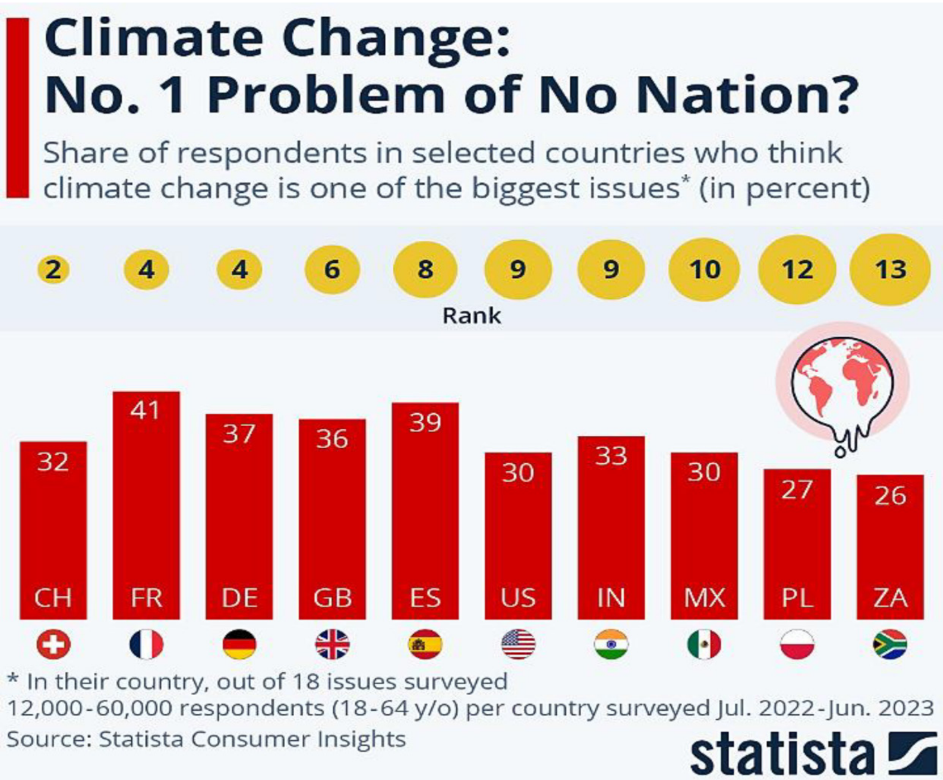
According to preliminary results from the World Meteorological Organization, last month was the warmest September ever recorded around the world - the latest in a string of temperature records. Nevertheless, the topic of climate change has still not reached the top of the agenda for many people, as data from Statista Consumer Insights shows. Respondents in none of the 21 nations covered by the survey collectively rated climate change as the most important problem for their own country when asked to name the issues that were of the biggest significance to them.

Switzerland comes closest with climate change being named as a severe issue by the second-highest number of respondents behind rising prices/inflation.

Generally, this is more of an expression of the few problems of Swiss people, as still only 32 percent rated the climate change issue as severe. Despite ranking fourth in France and Germany, climate change was recognized as a big problem there by more people, 41 percent and 37 percent, respectively. In Spain, this number was even as high as 39 percent despite climate change being only the eight-highest ranked issue. Likewise, developing nations like Mexico and India might have a list of other problems that more people agree on. Yet, recognition of climate change as a major issue was only slightly less widespread among the population than in developed countries at around 30-33 percent.

Climate change awareness reached a low in Poland (27 percent/rank 12) and South Africa (26 percent/rank 13). The United States was another outlier at just 30 percent naming climate change as a big issue (rank 9), a low among developed countries. ■

Source: Statista, 16 October 2023



COP 28: MARSH MCLENNAN REPORT ADDRESSES CLIMATE ADAPTATION, RESILIENCE

Over the past 50 years, the number of weather-related disasters has risen five-fold, with climate change generally accepted to be a primary driver. This increase—coupled with an upsurge in the value of assets and population movement to high-risk areas—has resulted in a significant increase in losses. Investing in adaptation and resilience is critical to combat these burgeoning costs and ensure that communities around the world can better withstand and recover from natural disasters.

Building a Climate-Resilient Future, a report from Marsh McLennan, in collaboration with the United Nations Race to Resilience Initiative and the Adrienne Arsht–Rockefeller Foundation, provides 5 recommendations on how the insurance industry can better adapt to climate change, address barriers, scale impact, develop commercial opportunities and build climate resilience.

1. Prioritize resilience as a strategic imperative.
2. Collaborate with the public sector and civil society to expand coverage.
3. Improve accuracy and availability of climate-related data and analytics.
4. Create an industry standard around the concept "build back better."
5. Advocate for public policies and regulations that support resilience.

The report launched at the 2023 United Nations Climate Change Conference, more commonly referred to as COP28. Guy Carpenter is a business of Marsh McLennan.

Supporting adaptation and resilience has clear commercial value for the (re)insurance industry while fulfilling an important social good. Insurers already have many of the tools at hand to expand their role beyond traditional risk transfer, but many have not undertaken the mindset shift that allows this potential to be realized. Successfully fulfilling this agenda will improve societal resilience and drive long-term success for insurers in the face of climate change. ■

• Spotlight on: Generative AI risks and how to tackle them

Only 5% of organisations feel prepared to assess, manage, and recover from a future unknown and unpredictable risk event. Here's how to revamp your risk strategy to tackle emerging threats

While 93% of companies recognise the risks associated with using generative AI, only 9% say they're prepared to manage the threat, according to a new global research survey of more than 300 risk and compliance professionals.

The research, conducted by Riskonnect, reveals a profound AI risk management gap. To date, only 17% of risk and compliance leaders have formally trained or briefed their organisations on the risks of using generative AI.

"Generative AI is taking off at lightning speed and ushering in a new wave of business risks. Our research shows that most companies have been slow to respond, which creates vulnerabilities across the enterprise," said Jim Wetekamp, the CEO of Riskonnect.

"The rise of generative AI is the latest example of how quickly today's risk landscape evolves. We've officially entered a new generation of risk."

The key threats businesses need to be aware of

Riskonnect's research – The New Generation of Risk – explores the new threats facing organisations and the strategies risk management teams are using to navigate this uncharted territory.

Key research findings

- The generative AI threat is broad and interconnected: Companies' top generative AI concerns include data privacy and cyber issues (65%), employees making decisions based on inaccurate information (60%), employee misuse and ethical risks (55%), and copyright and intellectual property risks (34%).
- Economic uncertainty and cyber concerns remain a persistent threat. The top four risks affecting organisations today, in order, are talent shortages and layoffs, recession risk, ransomware and security breaches, and state-sponsored cyberattacks.
- Companies could be doing more to manage risk. Sixty-three per cent haven't simulated their worst-case scenario. Only 5% feel prepared to assess, manage, and recover from a future unknown and unpredictable risk event.
- Unreliable data hinders risk and compliance teams. Only 23% say they're very confident in the accuracy, quality, and actionability of their risk management data. Just 5% are very confident in their ability to extract, aggregate, and report on risk insights to fuel decisions.
- Today's talent shortages heavily impact business performance. The biggest risks companies associate with labour shortages and layoffs are mistakes and shortcuts driven by worker burnout (66%), and an inability to reach strategic goals (41%).

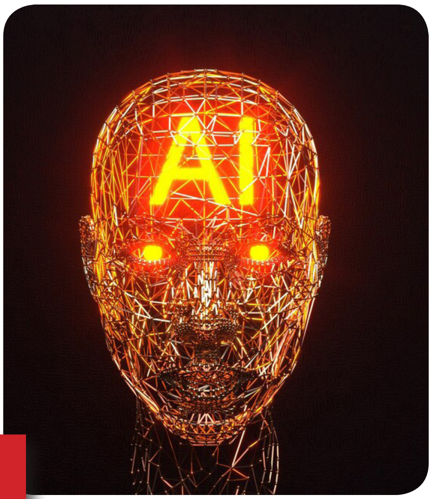
How to tackle exposures

Worst case planning

Scenario planning is a key part of risk management and needs to be incorporated into strategies going forward to build resilience.

Despite this. just 5% of organisations in the survey said they feel prepared to assess, manage, and recover from a future unknown and unpredictable risk event.

Bob Bowman, Sr. director, chief risk officer, risk management, enterprise Data Governance at The Wendy's Company said: "Risk management is about managing uncertainty.



"When the business becomes uncertain, that's where the ability to sit in the control tower, understand what's approaching, have visibility on what might happen next – including the peripheral effects – and how that could impact the business is what gives you a firm risk-visible foundation to define response strategies.

"Then you can use these strategies to adapt and pivot according to the way a particular situation plays."

Preparing for risk events

Three out of every four companies (73%) are updating their business continuity plans to prepare for crises.

But are these plans specific, tested, and comprehensive enough to help companies minimise the impact when something goes wrong?

Another common problem with business continuity planning is a lack of alignment between stakeholders on risk tolerance.#

Riskonnect says organisations can improve planning and stakeholder alignment by facilitating workshops.

These workshops get all relevant stakeholders in the same room to have real and productive conversations about the organisation's preparedness, tolerance, and plan for specific risk events

The growing importance of the CRO

The evolving threat landscape – along with the consistent, market-shaping disruptions over the past several years – has forced organisations to rethink how they approach enterprise risk management.

Riskonnect's research found that over half (52%) of organisations now have a chief risk officer, with another 6% planning to hire one in the next 6-12 months.

Risk management functions are also growing, despite layoffs elsewhere, with 82% of companies saying their headcount for risk management has increased or remained the same in the past six months.

Risk departments are also getting more funding: Nearly a third of companies (28%) have reported budget increases for risk management technology in the past six months.

Wetekamp said: "We are seeing meaningful and positive changes to how companies identify, prioritise, and manage risk.

"Today's risk leaders recognise that the threat landscape doesn't sit still. They are planning for worst-case scenarios, prioritising enterprise-wide visibility, and investing in tools to combat the full and interconnected spectrum of risk."

Expanding the playbook

Many of the threats companies face today, such as generative AI, are just starting to take shape. Companies therefore need a new way to manage risk and defend their organisations:

Riskonnect suggests companies take the following four steps:

- Get all stakeholders and executive leaders on the same page about risk.
- Start planning for your worst-case scenarios.
- Invest in technology that helps combat the full spectrum of risk.
- Create true visibility into your risk exposure inside and outside of your organization. ■

Source: Strategic Risk - 25 October 2023

• *Swiss Re Calls for Insurance Innovation to Meet Digital Risks*

Latest Sigma study from the Swiss Re Institute focuses on the threat posed by a digital risk protection gap.

The insurance industry should be increasing its product innovation and research and development (R&D) efforts to keep pace with emerging technologies and digital risks that will need to be transferred into the sector, according to Swiss Re's latest Sigma report.

Digitalisation is a source of new growth, new risks and new efficiencies for the insurance industry, noted "The economics of digitalisation in insurance", released by the Swiss Re Institute.

Digital value creation has led to an increase of firms' intangible assets, including digital data, the study noted.
At the same time, increased dependency on digital infrastructure makes such assets more vulnerable, for example to business interruption and cyber-attacks.

Potential benefits across countries and throughout the insurance value chain "are far from exhausted", Swiss Re argued.

"The study clearly shows a positive correlation between resilience and digitalisation," said Jerome Haegeli, Swiss Re's group chief economist.
"For society, digitalisation is a force for giving more people access to insurance and thereby closing protection gaps. For insurers, gains from better underwriting, risk mitigation and risk measurement from digitalisation of insurance improve the quality and efficiency of their work," he added.

New index

The report introduces a new "Insurance Digitalisation Index", which the Swiss Re Institute uses to track the progress made in 29 sample countries with respect to the digitalisation of their insurance markets.

South Korea came out on top of the index, followed by Sweden, Finland and the US.

While advanced markets with strong physical infrastructure and high internet access rates have made most progress in digitalising their economies, China, Slovenia and India are catching up.

China, for example, has moved up by ten places in just ten years, according to the paper.

This is because emerging markets can jump straight into adopting newer digital technologies rather than transitioning from legacy systems, the reinsurer said.

New risk pools

Digitalisation of the wider economy will also create new risk pools, opening up opportunities for insurers, the paper argued.

For example, digital technology has facilitated sharing-economy business models, which have resulted in fundamental shifts in operational risks and liabilities that require innovative insurance risk transfer solutions.

Sharing services like Uber and Airbnb are increasingly replacing private ownership, Swiss Re claimed.

This requires a shift in business mix from personal to commercial lines based on usage, as personal lines typically exclude cover for commercial usage of vehicles

and homes, according to the reinsurer, adding that insurers can help achieve such coverage through innovative digital risk transfer solutions.

With the shift from producing physical goods to providing information and services, the global value of intangible assets – which increasingly include digital assets – of listed companies has increased fivefold over the past 20 years, to $76trn in 2021, nearly 80% of which is uninsured, the paper noted.

Cyber premiums to hit $16bn for 2023

Firms will need more protection against digital risks, Swiss Re emphasised, pointing to business interruption and cyber risks, plus emerging liability risks related to AI.

Cyber security is a key concern for businesses globally, as reflected by a rapid growth in demand for cyber insurance; Swiss Re Institute estimated global cyber premiums will reach $16bn in 2023, up 60% from 2021, and $25bn by 2026.
Digital technology allows insurers to gather and process large sets of data using connected devices, data analytics and machine learning. This will allow more holistic and accurate risk assessments and better pricing of risks, the reinsurer suggested.

Digital solutions can also automate standardised tasks, such as data collection and analysis for underwriting, driving down costs and ultimately leading to lower premiums. Insurers' digital transformation projects are targeting a 3–8 percentage point improvement in loss ratios and savings of 10–20% in other parts of the value chain, the paper noted.

For consumers, online marketplaces lead to greater price transparency, present multiple insurance products and providers in a single place and allow customers to seamlessly complete the onboarding process online making insurance more accessible and affordable.

Aside from distribution, investments in insurance technology have shifted towards efficiency gains and improving underwriting and claims, the reinsurer suggested.

"Despite the rapid digital transformation of the insurance industry, accelerated by recent advancements in cutting-edge technology, we still see significant potential to make insurance more accessible and affordable for consumers," said Pravina Ladva, group chief digital and technology officer at Swiss Re.

Our industry should see this as an encouragement to continue investing in innovative solutions and adapting to emerging risks," Ladva added.

Key takeaways

- Digitalisation enables insurers to monitor, mitigate and price risks more efficiently, allowing for more tailored insurance solutions that can help close insurance protection gaps.
- Insurers are targeting a 3–8 percentage point improvement in loss ratios and savings of 10–20% in other parts of the value chain through digital transformation.
- Growing business interruption and cyber risks emerge as flip side of reliance on digital infrastructure.
- Swiss Re's new Digital Insurance Index shows advanced economies with strong infrastructure and R&D are better prepared for digitalisation of their insurance sectors, but emerging markets should benefit from faster catch-up growth. ■

Source: Global Reinsurance – 11 Oct 2023

Swiss Re: The economics of digitalisation in insurance

Get the publication here

• *Cyberattacks on European financial services more than double in 2023*

The report titled '**The High Stakes of Innovation: Attack Trends in Financial Services**' sheds light on the challenges ahead.

Akamai argues that the attacks on the European banks that are allies of Ukraine are financially and politically motivated by Russia's continued war in Ukraine.
It surmises that this is the primary reason for the increase in attack events in EMEA.

Financial services is the third-most attacked vector in the Europe, Middle East, and Africa (EMEA) region.

Approximately 1 billion web application and API attacks represents a 119% year-over-year increase when comparing Q2 2022 with Q2 2023.

Insurance is the most attacked sub-vertical in EMEA, being the target of 54.5% of all web attacks. This represents a 68% increase year over year. Insurance companies hold a huge amount of personally identifiable information. This makes them an attractive target for cybercriminals in contrast with other financial services organizations that hold mostly financial data.

The UK is the most targeted country ahead of Germany. The UK is the most targeted EMEA country with 29.2% of all EMEA DDoS attack events. Germany ranks second at 15.1%.
Other findings note that the EMEA region experienced 63.5% of all DDoS attack events worldwide.

This is nearly double the number experienced in North America (32.6%). Between January 2022 and June 2023, DDoS attacks on financial services in EMEA equated to 1,466 of the 2,590 attack events across all verticals in EMEA.

This resulted in a 40% increase year over year in DDoS attacks when comparing Q2 2022 with Q2 2023. DDoS attack events against the gambling, commerce, and manufacturing verticals in EMEA each also exceeded all other regions combined.

Some 24% of the scripts used by financial services organizations in EMEA come from third parties. This is notably lower than in other verticals (36%) "As cybercriminals continue to follow the money, financial services remains a hugely attractive target. At the same, this is one of the most regulated sectors. Hence it is essential for companies to align their security strategy with emerging laws and regulations," said Richard Meeus, Akamai's Director of Security Technology and Strategy, EMEA. ■

Source: MarketLine NewsWire - 29 September 2023

• *Lloyd's: Major Cyberattack Could Cost Global Economy $3.5 Trillion*

By David Pilla

An extreme cyberattack risk scenario may see the global economy take as much as a $3.5 trillion hit, according to Lloyd's.

A systemic risk scenario released by Lloyd's models the global economic impact of a hypothetical, but plausible, cyber attack on a major financial services payments system that could bring widespread disruption to global business and potential global economic losses of $3.5 trillion, Lloyd's said in a statement.

According to Lloyd's, the three countries that would see the highest five-year economic loss from the scenario are the United States, with $1.1 trillion in losses; China, with $470 billion; and Japan, with $200 billion.

Recovery time for individual countries or regions depends on the structure of their economy, exposure levels and resilience, Lloyd's said.

With cyberattacks a continuing threat with rising costs, cyber insurance is a growing market with estimated gross written premiums of more than $9 billion last year and forecast at between $13 billion and $25 billion by 2025. Lloyd's said this still represents a small portion of the potential economic losses.

"We are committed to building resilience around systemic risk and the risk scenario released today highlights the important role of insurance in supporting and protecting customers against the potential threat cyber poses to businesses and society," Bruce Carnegie-Brown, chairman, Lloyd's, said in a statement. "The global interconnectedness of cyber means it is too substantial a risk for one sector to face alone and therefore we must continue to share knowledge, expertise and innovative ideas across government, industry and the insurance market to ensure we build society's resilience against the potential scale of this risk."

More than 20% of the world's cyber premiums are placed in the Lloyd's market. Lloyd's sad it seeks to support the sustainable growth of the class while encouraging innovation for new products, such as through the Lloyd's Lab.

Lloyd's defines systemic risk as a low-likelihood, high-impact risk affecting either a systemically important global enterprise or multiple sectors, societies or national economies that can be global in impact.

Lloyd's recently launched a systemic risk scenario it said models the global economic impact of extreme weather events leading to food and water shocks with an estimate that could be $5 trillion over a five-year period (BestWire, Oct. 11, 2023).

The scenario uses a "hypothetical but plausible" increase in extreme weather events linked to climate change, which could lead to breadbasket crop failures and significant global food and water shortages, Lloyd's said at the time.

The Lloyd's risk scenarios are produced in partnership with the Cambridge Center for Risk Studies. The research explores nine hypothetical (but plausible) systemic risk scenarios and is complimented by an interactive data tool that allows users to reveal the potential economic impact of each scenario across 107 countries and at three levels of severity (major, severe and extreme).

Lloyd's has a current Best's Financial Strength Rating of A (Excellent). ■

Source: BestWire - October 18, 2023

• *Data exfiltration increasingly a factor in ransomware cases: Allianz*

Instances of double and triple extortion, where hackers use a combination of encryption, data exfiltration and distributed denial of service attacks to extort ransomware payments, are increasing dramatically, according to Allianz Commercial, a unit of Allianz SE.

The Allianz unit said in its report, "Cyber security trends 2023," that an analysis of larger industry cyber losses shows that the proportion of cases in which data is exfiltrated increased from 40% in 2019 to 77% in 2022, with 2023 on course to surpass 2022's total.

The report says companies are more likely to pay a ransom in cases where data has been exfiltrated on top of the encryption, with the share of companies paying a ransom when data was exfiltrated totaling 56%, compared with 21% of companies paying ransom without data exfiltration.

The insurer's data showed also that the proportion of companies paying a ransom has increased from 10% in 2019 to 54% in 2022.

All of this is occurring against the backdrop of an increased incidence of ransomware following a temporary decrease that was apparently caused by the war in Ukraine.

The Allianz report says factors that make data exfiltration more attractive to threat actors include the increasing scope and amount of personal information being collected, while privacy and data breach regulations are tightening globally.

The report also says the trend toward outsourcing and remote access leads to more interfaces for threat actors to exploit. ■

Source: Business Insurance – 25 October 2023

- ***Ransomware, Extortion Claims See 'Worrying Reurgence,' Says Allianz***

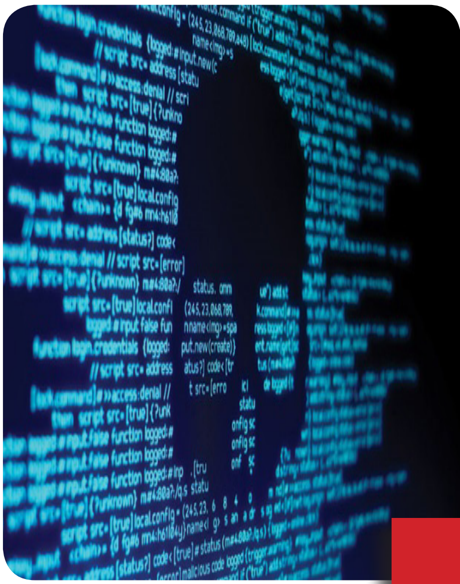
Following two years of high but stable loss activity, 2023 has seen a "worrying resurgence" in ransomware and extortion claims as the cyber threat landscape continues to evolve, Allianz Commercial writes in a new report.

The business insurance company's analysis of large cyber losses shows the number of cases in which data is exfiltrated is increasing every year, doubling from 40% in 2019 to almost 80% in 2022, with 2023 significantly higher.

"Double and triple extortion incidents — using a combination of encryption, data exfiltration and distributed denial of service attacks — to obtain money are not new, but they are now more prevalent," said Michael Daum, global head of cyber claims at Allianz Commercial.

Daum said several factors are combining to make data exfiltration more attractive for threat actors. The scope and amount of personal information being collected are increasing, while privacy and data breach regulations are tightening globally. Meanwhile, outsourcing and remote access trends lead to more interfaces for threat actors to exploit.

Allianz Commercial reports that hackers are increasingly targeting IT and physical supply chains, launching mass cyberattacks and finding new ways to extort money from companies large and small. Most ransomware attacks now involve the theft of personal or sensitive commercial data for the purpose of extortion, increasing the cost and complexity of incidents as well as bringing greater potential for reputational damage.



How Ransomware Risk is Evolving

Per the new Allianz Commercial report, despite the frequency of cyber claims stabilizing in 2022, ransomware activity alone was up 50% year-on-year during the first half of 2023. Ransomware-as-a-service kits, with prices starting at $40, remain a key driver in the frequency of attacks. Ransomware gangs are also carrying out more attacks faster, Allianz Commercial shared, with the average number of days taken to execute one falling from around 60 days in 2019 to four.
"More mass cyberattacks can be expected in the future," Daum said. "Companies and their insurers need to better understand the interconnectivity and dependencies that exist between organizations and within digital supply chains."

Growing Number of Public Cases

Previously, the number of cyber incidents that became public knowledge was low. Allianz reports that it's now a different story, as with data exfiltration, hackers threaten to publish stolen data online. Allianz Commercial's analysis of cyber losses totaling more than €1 million shows that the proportion of cases becoming public increased from around 60% in 2019 to 85% in 2022, with 2023 set to be even higher.

The number of companies paying a ransom has increased year-on-year – from just 10% in 2019 to 54% in 2022, again based on an analysis of losses of more than €1 million. Companies are two-and-a-half times more likely to pay a ransom if data is exfiltrated, on top of the encryption.

Importance of Early Detection and Fast Response

Allianz analysis of more than 3,000 cyber claims over the past five years shows that external manipulation of systems is the cause of more than 80% of all incidents. Threat actors are now exploring ways to use artificial intelligence to automate and accelerate attacks, the company reported, as well as creating more effective AI-powered malware, phishing and voice simulation.

Combined with the explosion in connected mobile devices — Allianz Commercial has seen a growing number of incidents caused by poor cyber security in this area — attack avenues only look likely to increase. Preventing a cyberattack is therefore becoming harder, and the stakes are higher, Allianz reports.

As a result, early detection and response capabilities and tools are becoming ever more important. While most incidents are contained quickly, if an attack is not stopped in the early stages, the chances of preventing it from becoming something much more serious and costly greatly reduce, Allianz shared.
"Traditional cyber security has focused on prevention with the goal of keeping attackers out of a network," says Baviskar. "While investment in prevention reduces the number of successful cyberattacks there will always be a 'gap' remaining that will enable attacks to get through. For example, it is not possible to stop all employees from clicking on increasingly sophisticated phishing emails." Allianz Commercial analysis shows that early detection and response can prevent a €20,000 loss from turning into a €20 million one. ■

Source: Insurance Journal - 8 November 2023

• *Alliance of 40 countries vows not to pay ransom to cyber criminals*

An alliance of forty countries led by the US has pledged never to pay ransom to cyber criminals and to work toward eliminating the hackers' funding mechanism.

The alliance International Counter Ransomware Initiative has come up as the number of ransomware attacks grows worldwide. The US is by far the worst hit, with 46% of such attacks.

A report by Reuters said the move is aimed at eliminating one of the biggest funding mechanisms for hackers. There has been a significant uptick in ransomware attacks around the world in 2023 as cyber criminals continue to extort large sums of money from both government and private organisations as ransom.

US deputy national security advisor Anne Neuberger said, "As long as there is money flowing to ransomware criminals, this is a problem that will continue to grow."

Ms Neuberger said the new initiatives to be taken up by the alliance aim to eliminate the criminals' funding through better information sharing about ransom payment accounts. She said two information-sharing platforms will be created, one by Lithuania and another jointly by Israel and the UAE. ■

Source: Asia Insurance Review | Dec 2023

• *Geneva Association report: Protecting society from an unprecedented cyberattack will require more than insurance*

THE GENEVA ASSOCIATION

INSURANCE FOR A BETTER WORLD

Growing geopolitical tensions and the use of digital technologies are amplifying cyber risks, with cyber-attacks increasing by 38% in 2022 compared to 2021, globally. Although the dedicated cyber insurance market has grown rapidly over recent years, a huge protection gap persists, especially if an unprecedented, extreme cyber incident – striking multiple, large segments of the global economy – were to occur.

The prospect of such a severe cyberattack significantly hinders reinsurers' appetites to assume cyber risks. A major incident could trigger claims from policyholders across various lines of business, leading to significant loss accumulation in their underwriting portfolios.

A new Geneva Association report, Cyber Risk Accumulation: Fully tackling the insurability challenge, explores obstacles to insuring peak cyber risks. It concludes that the factors which drive extreme cyber losses cannot typically be modelled with standard statistical approaches, not least because the extent of cyber damage heavily depends on the interplay between the incentives and resources of both attackers and victims, which are not easily calibrated and quantified.

Engaging in knowledge-sharing partnerships with government security agencies, critical infrastructure providers and technology companies, the report recommends, can help re/insurers better understand cyber threats, enabling them to expand the scale and scope of insurance protection. Even so, there are limits to the amount of financial loss the re/insurance industry can safely and sensibly absorb. The Geneva Association's report suggests that a government 'backstop' for major cyber incidents might also encourage re/insurers to extend coverage and increase their risk-absorbing capacity.

Jad Ariss, Managing Director of The Geneva Association, said: "If the COVID-19 pandemic taught risk managers anything, it is that we must prepare for catastrophic events; we cannot rely solely on response mechanisms after the fact. That is why re/insurers, governments and others need to establish the right cyber partnerships now – not only so insurers are positioned to offer more cyber risk protection, but so there are viable financial and operational solutions in place should a widespread, devastating cyberattack actually occur."

Darren Pain, Director Cyber at The Geneva Association and author of the report, said: "The many unknowns around cyber risk are fostering a massive cyber protection gap. With better data and understanding of cyber threats and their loss accumulation potential, insurance can help narrow that gap. But better cyber risk models alone will not be enough. Our report urges the right partnerships be put in place among re/insurers, technology providers, governments and others to help create a larger, more sustainable cyber insurance market." ■

CYBER RISK ACCUMULATION:
Fully tackling the insurability challenge

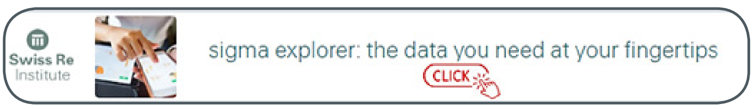
- ***Sigma 3/2023 – World Insurance: Stirred, and Not Shaken***

By Swiss R, 45 p, 10 July 2023

Global economic growth has been stronger than anticipated so far this year, but a slowdown in the second half remains on the cards. Still-high inflation means today's interest rate mantra is "higher for longer", which has implications for the insurance sector also.

High interest rates sparked bank sector instabilities earlier this year but with their sound capital positions, insurers have not been shaken by the disruptions in the financial system. If anything, we expect the industry to demonstrate resilience over the next two years.

We forecast that global insurance (non-life and life) premiums will grow by 1.1% in 2023 and 1.7% in 2024 in real terms, after contracting by 1.1% in 2022. And, reflecting the stirrings of market growth, we see premium volumes rising a new high this year, in nominal terms. Last year, the US, China and the UK ranked as the top 3 largest insurance markets in the world.



Non-life

In non-life, the main driver of the growth will be market hardening in commercial and now also personal lines, with insurers raising premium prices to offset inflation-induced rising claims costs. We see the motor segment returning to growth after three years of contraction, but a decline in health premiums due to the end of the pandemic support policies in the US could offset gains in other lines.

"With inflation pressures still persistent, hard market conditions in non life are set to continue as insurers offset elevated claims costs with higher premium prices. Once disinflation takes hold with prices decreasing, less expensive claims and greater returns from interest rate sensitive investments should further support industry profitability," Jérôme Haegeli, Swiss Re's Group Chief Economist said.

Life

In life insurance, rising wages and interest rates in advanced markets are creating favourable growth and profitability tailwinds, including demand for annuities and pension risk transfer products. We also see new life risk pools in Hong Kong as a result of China's reopening. Global savings products premiums should grow, driven by an estimated 4.3% gain in the emerging markets.

The profit outlook for life insurers is positive, based on four key drivers: improved investment returns, normalization of COVID-19 related claims, a de-risking of pension and annuity premiums, and a stabilization of earnings volatilities with implementation of the IFRS 17 accounting framework this year. On the downside, however, amidst the low growth and still-high inflation environment, we flag credit downgrades and lapses as two potential tail risks for sector earnings. ■

Premium volume by region and organisation in 2022

	Premium volume (in millions of USD)		Change (in %) inflation–adjusted		Share of world market (in %)	Premiums[1] in % of GDP	Premiums[1] per capita (in USD)
Total business	**2022**	**2021**	**2022**	**2021**	**2022**	**2022**	**2022**
America	**3 300 729**	**3 040 925**	**0.7**	**3.6**	**48.7**	**9.9**	**3 208**
US and Canada	3 130 779	2 891 090	0.6	3.4	46.2	11.3	8 415
Latin America and Caribbean	169 950	149 835	2.7	6.1	2.5	3.0	258
Europe, Middle East and Africa (EMEA)	**1 756 531**	**1 906 282**	**–4.8**	**6.6**	**25.9**	**5.1**	**570**
Advanced EMEA	1 561 721	1 710 937	–5.1	7.0	23.0	7.4	3 308
Emerging Europe and Central Asia	81 394	83 939	–6.6	2.6	1.2	1.4	165
Middle East and Africa	113 416	111 406	0.3	3.8	1.7	1.7	58
Emerging Middle East	43 250	38 114	5.7	–0.1	0.6	1.2	80
Africa	70 166	73 292	–2.6	6.1	1.0	2.4	50
Asia–Pacific	**1 724 974**	**1 817 487**	**–0.1**	**0.2**	**25.4**	**5.0**	**403**
Advanced Asia-Pacific	804 378	904 799	–3.2	0.4	11.9	8.6	3 096
Emerging Asia	920 596	912 688	3.0	0.0	13.6	3.6	229
China	697 806	696 128	2.6	–1.7	10.3	3.9	489
Emerging Asia, excl China	222 790	216 560	4.3	5.8	3.3	3.0	86
World (2)	**6 782 235**	**6 764 694**	**–1.1**	**3.4**	**100.0**	**6.8**	**853**
Advanced markets (3)	5 496 878	5 506 825	–1.8	3.9	81.0	9.5	5 035
Emerging markets (4)	1 285 357	1 257 869	2.1	1.2	19.0	3.0	187
Emerging Markets excl China	587 551	561 741	1.5	5.0	8.7	2.3	103
OECD (5)	5 374 361	5 352 335	–1.3	4.2	79.2	8.9	4 001
G7 (6)	4 494 654	4 419 586	–1.1	4.1	66.3	10.2	5 717
Eurozone	997 795	1 128 199	–7.4	6.2	14.7	6.6	2 713
EU	1 130 540	1 269 871	–6.8	6.9	16.7	6.4	2 377
NAFTA (7)	3 164 667	2 922 851	0.5	3.4	46.7	10.9	6 329
Life business							
America	**817 570**	**751 865**	**1.0**	**4.3**	**29.1**	**2.5**	**794**
US and Canada	743 646	685 282	1.0	4.4	26.4	2.7	1 999
Latin America and Caribbean	73 924	66 583	0.7	4.1	2.6	1.3	112
Europe, Middle East and Africa (EMEA)	**962 652**	**1 075 328**	**–7.1**	**9.8**	**34.2**	**2.9**	**323**
Advanced EMEA	888 473	997 214	–7.3	10.1	31.6	4.3	1 957
Emerging Europe and Central Asia	20 327	21 278	–10.1	1.2	0.7	0.3	41
Middle East and Africa	53 851	56 836	–3.6	6.8	1.9	0.8	28
Emerging Middle East	6 948	6 443	1.0	6.3	0.2	0.2	13
Africa	46 903	50 393	–4.2	6.9	1.7	1.6	33
Asia–Pacific	**1 032 811**	**1 113 073**	**–2.0**	**–0.1**	**36.7**	**3.0**	**242**
Advanced Asia-Pacific	508 356	591 231	–6.0	–0.2	18.1	5.4	1 964
Emerging Asia	524 455	521 841	2.5	–0.1	18.6	2.1	131
China	364 359	365 456	2.0	–2.6	13.0	2.0	255
Emerging Asia, excl China	160 096	156 386	3.7	6.1	5.7	2.2	62
World (2)	**2 813 032**	**2 940 266**	**–3.1**	**4.4**	**100.0**	**2.8**	**354**
Advanced markets (3)	2 140 475	2 273 728	–4.4	5.4	76.1	3.7	1 973
Emerging markets (4)	672 557	666 538	1.4	0.9	23.9	1.6	98
Emerging Markets excl China	308 199	301 082	0.7	5.4	11.0	1.2	54
OECD (5)	2 009 883	2 113 931	–3.4	6.1	71.4	3.4	1 504
G7 (6)	1 608 058	1 674 589	–3.1	5.9	57.2	3.7	2 066
Eurozone	513 246	610 488	–11.8	10.3	18.2	3.5	1 408
EU	598 238	701 788	–10.4	11.3	21.3	3.4	1 269
NAFTA (7)	758 791	700 076	0.8	4.3	27.0	2.6	1 518
Non–life business							
America	**2 483 160**	**2 289 060**	**0.6**	**3.3**	**62.6**	**7.5**	**2 413**
US and Canada	2 387 133	2 205 807	0.4	3.2	60.1	8.6	6 416
Latin America and Caribbean	96 026	83 252	4.3	7.7	2.4	1.7	146
Europe, Middle East and Africa (EMEA)	**793 880**	**830 954**	**–1.8**	**2.8**	**20.0**	**2.2**	**247**
Advanced EMEA	673 248	713 723	–2.0	2.9	17.0	3.0	1 351
Emerging Europe and Central Asia	61 067	62 661	–5.4	3.1	1.5	1.0	124
Middle East and Africa	59 565	54 571	4.4	1.1	1.5	0.9	30
Emerging Middle East	36 302	31 671	6.7	–1.3	0.9	1.0	67
Africa	23 263	22 899	1.2	4.5	0.6	0.8	16
Asia–Pacific	**692 163**	**704 414**	**2.9**	**0.8**	**17.4**	**2.0**	**161**
Advanced Asia-Pacific	296 022	313 567	1.9	1.5	7.5	3.1	1 133
Emerging Asia	396 141	390 847	3.6	0.2	10.0	1.6	98
China	333 448	330 672	3.2	–0.7	8.4	1.9	234
Emerging Asia, excl China	62 694	60 174	6.0	4.8	1.6	0.8	24
World (2)	**3 969 203**	**3 824 428**	**0.5**	**2.7**	**100.0**	**4.0**	**499**
Advanced markets (3)	3 356 403	3 233 098	0.0	2.9	84.6	5.8	3 061
Emerging markets (4)	612 800	591 331	2.8	1.6	15.4	1.4	89
Emerging Markets excl China	279 352	260 658	2.4	4.5	7.0	1.1	49
OECD (5)	3 364 478	3 238 404	0.1	2.9	84.8	5.6	2 497
G7 (6)	2 886 596	2 744 997	0.1	3.1	72.7	6.5	3 652
Eurozone	484 549	517 712	–2.2	1.7	12.2	3.2	1 305
EU	532 302	568 083	–2.3	1.9	13.4	3.0	1 108
NAFTA (7)	2 405 876	2 222 775	0.4	3.2	60.6	8.3	4 812

• *Global Reinsurance Industry - AM Best Report*

AM Best Publishes Extensive Review of Global Re Industry; Highlights Companies' Resiliency Against Evolving Market Forces

In one comprehensive report, featuring exclusive extra content, AM Best's in-depth analysis of key segments and regional markets across the global reinsurance industry reveals a number of challenges. Rising optimism stemming from steep price increases and tighter terms and conditions is counterbalanced by an uncertain environment due to underwriting, economic, and geopolitical factors.

The report explores factors affecting different reinsurance market participants. Specific regional observations include:

- Increased asset risk and greater severity of adverse weather events will test the balance sheet strength of reinsurers in Sub-Saharan Africa.
- Reinsurance capacity for the MENA region remains plentiful, although deteriorating risk landscapes, particularly for non-oil producing countries, continue to widen.
- Although Latin America's reinsurers have enjoyed a respite from significant catastrophe losses, political risk is elevated across the region.
- Despite seeing strong growth, reinsurers in Asia Pacific experienced an earnings drag from underwriting losses and poor investment returns in 2022.
- Amid aggressive price hikes on higher inflation expectations, Europe's "Big Four" reinsurers see benefits from hard-market conditions at 2023 renewals.
- The data and analysis behind AM Best's annual ranking of the 50 largest reinsurance groups.

World's 50 Largest Reinsurers

Principal Takeaways

- Munich Re held on to the top spot in 2022, followed by Swiss Re, Hannover Rück SE, and Canada Life Re, the same as in 2021.
- For many reinsurers, premium growth was driven primarily by strong rate increases, not exposure growth.
- Exchange rate fluctuations have become a concern, as currency translation losses have impacted premium volume for a number of reinsurers.

Pricing in 2022 remained strong for the reinsurance segment, as measured by AM Best's annual ranking of the world's 50 largest reinsurance groups. Total gross reinsurance premiums written increased by 2.6% to USD363.6 billion, from USD354.4 billion in 2021. For many reinsurers, premium growth was driven primarily by strong rate increases, not exposure growth.

Nevertheless, global investment market turmoil and more frequent and severe global catastrophe losses, compounded by severe secondary peril losses, resulted in many reinsurers failing to meet their cost of capital in recent years. Reinsurers' boards of directors and senior management continued to be under pressure to improve operating performance, to bridge the gap between the industry's operating performance and the escalating cost of capital, given the sharp rise in the risk-free rate.

The equity risk premium of reinsurers is expected to increase given that operational volatility has worsened. All of these factors have resulted in significant hardening of premium rates, as well as terms and conditions, in the reinsurance market. Premium rate increases have continued for both property and casualty reinsurance lines in 2023 and will likely do so through 2024.

Top 50 Global Reinsurers, Ranked by Unaffiliated Gross Premium Written, 2022 (USD millions)[1]

		Reinsurance Premiums Written				Total	Ratios[3]		
		Life & Non-Life		Non-Life Only		Share-holders'			
Ranking	Company Name	Gross	Net	Gross	Net	Funds[2]	Loss	Expense	Combined
1	Munich Reinsurance Company	51,331	48,550	36,729	35,290	22,638	66.5	29.7	96.2
2	Swiss Re Ltd.	39,749	37,302	23,763	22,826	12,809	74.2	28.2	102.4
3	Hannover Rück SE[4]	35,528	29,672	25,884	21,637	9,339	71.9	27.9	99.8
4	Canada Life Re	23,414	23,414	N/A	N/A	23,863	N/A	N/A	N/A
5	Berkshire Hathaway Inc.[5]	22,147	22,147	16,962	16,962	480,617	66.1	20.3	86.4
6	SCOR S.E.	21,068	17,055	10,695	8,782	5,481	84.1	29.1	113.2
7	Lloyd's[6, 7]	18,533	14,162	18,533	14,162	47,766	63.6	30.8	94.4
8	China Reinsurance (Group) Corporation	16,865	15,395	7,688	7,207	13,675	68.2	28.1	96.4
9	Reinsurance Group of America Inc.	13,823	13,052	N/A	N/A	4,145	N/A	N/A	N/A
10	Everest Re Group Ltd.	9,316	8,983	9,316	8,983	8,441	69.2	27.1	96.4
11	RenaissanceRe Holdings Ltd.	9,214	7,196	9,214	7,196	9,111	68.5	29.1	97.6
12	PartnerRe Ltd.	8,689	7,544	7,015	5,899	6,288	59.0	27.6	86.7
13	Korean Reinsurance Company	7,804	5,797	6,129	4,195	2,227	82.3	15.9	98.2
14	Arch Capital Group Ltd.	6,948	4,924	6,948	4,924	12,910	64.9	27.3	92.2
15	MS&AD Insurance Group Holdings, Inc.[8, 9, 12]	5,153	N/A	5,153	N/A	13,503	N/A	N/A	98.7
16	General Insurance Corporation of India[8]	4,519	4,108	4,332	3,927	8,211	90.3	17.6	107.9
17	Sompo International Holdings, Ltd.	4,119	3,715	4,119	3,715	8,461	60.0	30.1	90.1
18	MAPFRE RE, Compania de Reaseguros S.A.[10]	3,849	3,273	3,201	2,631	2,020	70.4	26.7	97.1
19	Assicurazioni Generali SpA	3,822	3,822	1,372	1,372	19,365	70.8	30.4	101.2
20	Odyssey Group Holdings, Inc.	3,721	3,595	3,721	3,595	5,302	69.7	26.0	95.7
21	AXA XL	3,385	2,812	3,385	2,812	9,334	74.2	32.6	106.8
22	R+V Versicherung AG[11]	3,158	3,158	3,158	3,158	2,560	73.3	25.5	98.8
23	Validus Reinsurance, Ltd.	3,080	2,529	3,080	2,529	3,307	63.4	31.3	94.8
24	Pacific LifeCorp	2,995	2,546	N/A	N/A	6,728	N/A	N/A	N/A
25	The Toa Reinsurance Company, Limited[8, 9]	2,931	2,397	2,090	1,661	2,282	77.8	30.8	108.6
26	Liberty Mutual[13]	2,921	2,567	2,921	2,567	22,208	75.4	32.5	107.8
27	AXIS Capital Holdings Limited	2,629	1,885	2,629	1,885	4,640	71.9	27.2	99.1
28	Peak Reinsurance Company Ltd	2,295	1,758	2,113	1,587	1,198	85.7	20.0	105.8
29	Taiping Reinsurance Co. Ltd[9]	2,276	2,035	1,763	1,545	1,417	64.5	38.1	102.6
30	Caisse Centrale de Reassurance	2,206	2,007	2,002	1,813	3,183	152.0	11.8	163.7
31	Qianhai Reinsurance Co., Ltd.	1,841	740	410	319	489	73.8	26.5	100.3
32	Aspen Insurance Holdings Limited	1,807	1,426	1,807	1,426	2,358	61.5	31.5	93.1
33	QBE Insurance Group Limited	1,784	1,580	1,784	1,580	8,992	53.3	6.3	59.6
34	Tokio Marine & Nichido Fire Insurance Co., Ltd.[8, 14]	1,656	1,321	1,656	1,321	16,317	N/A	N/A	95.8
35	Deutsche Rueckversicherung AG	1,610	1,096	1,517	1,043	340	65.4	30.1	95.5
36	American Agricultural Insurance Company	1,556	479	1,556	479	691	80.0	16.6	96.6
37	SiriusPoint Ltd.	1,521	1,200	1,521	1,200	2,083	70.6	35.0	105.5
38	IRB - Brasil Resseguros S.A.	1,493	940	1,284	758	771	103.6	23.1	126.6
39	Allied World Assurance Company Holdings, A	1,492	1,388	1,492	1,388	4,595	76.9	25.1	102.0
40	Convex Group Limited	1,423	1,139	1,423	1,139	2,266	67.1	17.9	85.0
41	Markel Group Inc.	1,231	1,168	1,230	1,167	13,128	61.2	30.9	92.1
42	Chubb Limited	1,095	943	1,095	943	50,540	72.7	29.9	102.6
43	W.R. Berkley Corporation[15]	1,081	997	1,081	997	6,748	61.3	28.4	89.7
44	Core Specialty Insurance Holdings, Inc.	1,043	777	1,043	777	1,118	82.1	15.9	98.0
45	Hiscox Ltd	1,038	268	1,038	268	2,417	54.8	30.9	85.6
46	Somers Group Holdings, Ltd.	1,019	855	1,019	855	772	71.3	29.2	100.5
47	African Reinsurance Corporation	952	773	861	695	990	59.4	34.9	94.3
48	DEVK Re Group	848	759	841	752	2,614	72.4	27.1	99.4
49	Lancashire	842	629	842	629	1,268	71.0	26.4	97.5
50	Nacional de Reaseguros, S.A.	737	610	619	493	469	72.9	31.2	104.1

[1] All non-USD currencies converted to USD using foreign exchange rate at company's fiscal year-end. [2] As reported in the group's annual statement.
[3] Non-Life only. [4] Net premium written data not reported; net premium earned substituted.
[5] Berkshire Hathaway completed its acquisition of Alleghany Corp. on October 19, 2022, and, per US GAAP accounting rules, incurs premiums and expenses only after the acquisition.
[6] Lloyd's premiums are for reinsurance only. Premiums for certain groups in the rankings also may include Lloyd's Syndicate premiums when applicable.
[7] Shareholders' funds includes Lloyd's members' assets and Lloyd's central reserves. [8] Fiscal year ended March 31, 2023.
[9] Net asset value used for shareholders' funds. [10] Premium data excludes intragroup reinsurance.
[11] Ratios are as reported and calculated on a gross basis. [12] Ratios are based on the group's operations.
[13] Ratios are based on Liberty Mutual Insurance Europe SE financial statements. [14] Ratios are based on the group's domestic business.
[15] Ratios include monoline excess business in addition to reinsurance. N/A = Information not applicable or not available at time of publication.

Source: AM Best data and research

● Operating Performance, Retro Cost Drive Asian Reinsurer Strategies

Principal Takeaways:

- Underwriting losses and poor investment returns dragged the large Asian reinsurers' 2022 operating performance.
- The decline in large Asian reinsurers' shareholders' equity is much smaller than that of European reinsurers due to monetary easing in some Asian countries.
- A decrease in retro capacity suppressed Asian reinsurers' capacity offering. A lack of aggregate excess-of-loss retrocession capacity

availability may result in higher underwriting volatility for reinsurers.
- Reinsurers' appetite for catastrophe-exposed property business in South and Southeast Asia has diminished, given the heightened catastrophe activity in the region in recent years.
- Reinsurers demonstrated increased pricing discipline and a willingness to walk away from unprofitable programmes, which led to meaningful rate increases.
- Some reinsurers have pivoted toward non-property lines in pursuit of better earnings diversification.

AM Best's Asia-Pacific reinsurance composite, a select group of reinsurers from the Global Top 50 Reinsurers, remains strong and resilient, sustaining growth despite tough market conditions.
Their financial results shed light on the operating performance of both domestic and international operations of these Asia-Pacific reinsurers, which write both life and property/casualty businesses.

The composite delivered strong growth in 2022, with P/C net premiums written (NPW) up by 8.1% year over year, versus 6.4% in 2021 (Exhibit 1). The results demonstrated carriers' continuous efforts to diversify business, as well as the benefits of both primary rate and reinsurance rate increases. Compared to the US and Bermudian reinsurers and large European reinsurers, Asia-Pacific reinsurers enjoyed a less immediate positive benefit from excess-of-loss rate hardening, given that domestic proportional treaties account for a relatively large proportion of their books, to meet their domestic capacity needs.

Growth in premiums and shareholders' equity was stronger in original currency, as a strong US dollar dampened the premiums, shareholders' equity, and net profit when measured in USD. For example, the P/C reinsurance NPW of China P&C Reinsurance Company Ltd. (a P/C reinsurance subsidiary of China Reinsurance Corporation) expanded by 7.1% in reported currency, while growth in USD dropped slightly. Each of the Asia-Pacific reinsurers in the composite reported stronger growth for the P/C segment in 2022 in their reporting currency.

For the 2023 renewals so far, business strategies amongst Asian reinsurers are diverse. Some Asian reinsurers were unable to secure the same level of retro capacity or the preferred terms/structure of protection, and lowered their capacity offerings (especially on the property line) to strictly follow their risk appetite statements in their enterprise risk management (ERM) frameworks.

• MENA Reinsurers Report Topline Growth, While Challenging Economic Conditions Persist for Most

Principal Takeaways:
- Double-digit growth in Gross Written Premium (GWP) reported at year-end 2022, with reinsurers citing favourable global reinsurance pricing trends, inflation, new business opportunities, and corrective action to rates and terms and conditions as the leading drivers
- Reinsurance capacity for the region remains plentiful, sourced through global reinsurers, regionally domiciled reinsurers, and carriers domiciled in Africa and Asia
- Regional reinsurers are further adapting pricing and modelling capabilities, following greater incidences of weather-related losses
- Operational challenges and deteriorating risk landscapes, particularly for non-oil producing countries, continue to widen the ratings gap between reinsurers in the region.

Reinsurers domiciled in the Middle East and North Africa (MENA) region continued to benefit from positive pricing momentum over the recent renewal periods, albeit to a lesser extent than the global reinsurance market.

The reinsurance pricing environment in the region largely reflects global reinsurance trends, though local factors have also contributed—including rising claims inflation, elevated frequency of large losses and weather-related events, and improved underwriting discipline of reinsurers.

The operating landscape of the MENA reinsurance market has shifted in recent years. The region is not homogenous, and countries are facing fresh and varying challenges, from supply chain disruptions and inflationary pressures, to elevated economic, financial system, and political instability in certain markets. For example, inflation varies significantly by country, ranging between 0.6% for Oman to 38% for Türkiye as reported in June 2023. A primary differentiator is between the hydrocarbon-producing economies and those that import energy.

• Sub-Saharan Africa's Reinsurers' Underwriting Performance Remains Resilient Despite Heightened Economic Challenges

Principal Takeaways:

- The declining creditworthiness of many African debt issuers has led to increased asset risk and will test the resilience of sub-Saharan Africa's reinsurers' balance sheets
- Despite challenging macroeconomic and political conditions, underwriting results remain resilient
- Even with solid growth in capital in recent years, the capacity offered by Africa-domiciled reinsurers remains insufficient to meet market demand and local players often rely on support from global reinsurers
- A trend of increasing severity of adverse weather events is changing the natural catastrophe dynamic for the region and affecting reinsurers' risk appetites

High commodity prices, volatile and double-digit inflation, and a general deterioration in macroeconomic conditions in the aftermath of the COVID-19 pandemic, have tested the financial strength of sub-Saharan Africa (SSA) reinsurers in recent times. Analysis of AM Bestrated reinsurers across the continent shows the impact of the significant headwinds that the regional sector faced.

Despite the re-opening of economies since 2021, global macroeconomic conditions have remained challenging with the Russia-Ukraine conflict exacerbating inflationary pressures initiated by COVID-19-related supply chain difficulties. The rise in interest rates to contain inflation has also aggravated the debt-repayment burden for many African countries.

As a consequence, the creditworthiness of African debt issuers has become increasingly pressured, leading to growing levels of asset risk for reinsurers in the region.

Despite the complex economic environment, in general, SSA reinsurers have been successful in leveraging the global hardening rate environment, reporting another year of robust underwriting profitability.

Over the long run, AM Best believes the SSA reinsurance segment has substantial potential for continued and profitable growth. The region has considerable, untapped reserves of natural resources, solid long-term economic growth prospects, and increasing insurance penetration, all of which stand to benefit its reinsurance market. ■

To access the full copy of this comprehensive Best's Market Segment Report, please visit http://www3.ambest.com/bestweek/purchase.asp?record_code=335321

• Worldwide reinsurance premium amounted to $500bn in 2022

Reinsurance premiums worldwide in 2022 reached $500bn according to recent updates by insurer Insuramore.

A press release published by Insuramore said this represents an increase of approximately 40% relative to 2019 or a compound annual growth rate over the time frame of just under 12%. Notably, these figures contrast with a 12% outright rise in the value of the world's total direct insurance market between 2019 and 2022, converting to a compound annual growth rate of just under 4%.

The superior growth of the reinsurance sector in recent years may be attributed in part to the rapid expansion of several groups specialising in life and annuity reinsurance. In fact, groups active only in this arena – whose activity may also include some health reinsurance – made up five of the top 20 reinsurance groups globally in 2022.

These were Great-West Lifeco (incorporating Canada Life Re), Global Atlantic Financial Group (belonging to private equity firm KKR), Legal & General, RGA and Talcott Resolution (belonging to Sixth Street, another private equity firm).

Moreover, life and annuity reinsurance specialists accounted for 30 of the world's top 150 reinsurance groups as measured by reinsurance premiums assumed.

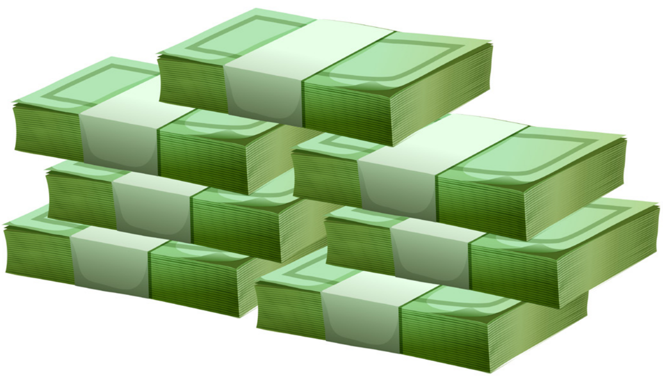
Overall, and while it is difficult to be precise due to a general lack of transparency in reinsurers' reporting in respect of how they classify health reinsurance, P&C (non-life) reinsurance is likely to have accounted for between 54% and 60% of the global value of around $500bn in total reinsurance premiums assumed in 2022 with the rest due to life, annuity and health reinsurance.

Apart from the cohort of fast-growing life and annuity reinsurance specialists, which include Monument Insurance Group as well as some of the organisations referenced above, other reinsurance groups in the top 150 achieving a compound annual growth rate of more than 50% in their premiums assumed between 2019 and 2022 included the following:

• Apollo Global (in the wake of its having taken full control of Athene Holding in 2021, adding to its pre-existing ownership of Aspen Re).
• Ark Insurance Holdings (itself bought by White Mountains Insurance Group in 2021).
• China Pacific.
• Convex Group (which launched in 2019).
• and Covéa (following the completion of its purchase of Partner Re in 2022).

At the other end of the spectrum, as many as 20 of the world's top 150 reinsurance groups experienced a contraction in their premiums assumed between 2019 and 2022 which illustrates that the reinsurance sector is not characterised by one-way traffic. ■

Source: Asia Insurance Review - 17 Oct 2023



Global Reinsurers: S&P and AM Best ratings

Rank	Companies	Country	AM Best		Standard & Poor's	
			Rating	Outlook	Rating	Outlook
1	Munich Re	Germany	A+	Stable	AA-	Stable
2	Swiss Re	Switzerland	A+	Stable	AA-	Negative
3	Hannover Re	Germany	A+	Stable	AA-	Stable
4	Canada Life Re	Canada	A+	Stable	AA	Stable
5	Berkshire Hathaway	United States	A++	Stable	AA	Stable
6	SCOR	France	A	Stable	A+	Stable
7	Lloyd's	United Kingdom	A	Stable	A+	Stable
8	China Re	China	A+	Stable	A	Stable
9	Reinsurance Group of America	United States	A+	Stable	AA-	Stable
10	Everest Re Group	Bermuda	A+	Stable	A+	Stable
11	Renaissance Re	Bermuda	A+	Stable	A+	Stable
12	PartnerRe	Bermuda	A+	Stable	A+	Stable
13	Mapfre Re	Spain	A	Stable	A+	Stable
14	Korean Re	South Korea	A	Stable	A	Stable
15	Arch Capital	Bermuda	A+	Stable	A+	Stable
16	Allianz SE Reinsurance	Germany	A+	Stable	AA	Stable
17	TransRe	United States	A++	Stable	AA+	Stable
18	MS&AD Ins. Group	Japan	A+	Stable	A+	Stable
19	GIC India	India	B++	Negative	-	-
20	Liberty Mutual	United States	A	Stable	A	Negative
21	Sompo International	Bermuda	A+	Stable	A+	Stable
22	Odyssey Re	United States	A+	Stable	A	Stable
23	R+V Versicherung AG	Germany	-	-	A+	Stable
24	Generali	Italy	A	Stable	-	-
25	Validus Re	Bermuda	A	Under review	A+	Negative
26	Pacific Life Corp	United States	A+	Stable	AA-	Stable
27	Axis Capital	Bermuda	A	Stable	A+	Stable
28	The Toa Re	Japan	A	Stable	A	Stable
29	Peak Re	Hong Kong	A-	Negative	-	-
30	Taiping Re	Hong Kong	A	Stable	A	Negative
31	Caisse Centrale de Réassurance	France	A+	Stable	AA	Negative
32	AXA XL Re	Bermuda	A+	Stable	AA-	Stable
33	Qianhai Re	China	A-	Stable	-	-
34	Aspen Insurance	Bermuda	A-	Stable	A-	Stable
35	Starr Insurance & Reinsurance	Bermuda	A	Stable	-	-
36	QBE Insurance Group	Australia	A	Stable	A+	Stable
37	Deutsche Rückversicherung	Germany	-	-	A+	Stable
38	American Agricultural Ins.	United States	A	Stable	-	-
39	SiriusPoint	Bermuda	A-	Stable	A-	Negative
40	Allied World Assurance	Bermuda	A	Stable	A	Stable
41	IRB - Brasil Resseguros	Brazil	A-	Negative	brAA+	Negative
42	Convex Re	Bermuda	A	Stable	A-	Stable
43	W.R. Berkley Cor.	United States	A+	Stable	A+	Stable
44	Markel Corp	United States	A	Stable	A	Stable
45	PICC Re. Co	China	A-	Stable	A-	Stable
46	Hamilton Re	Bermuda	A-	Positive	-	-
47	Chubb Tempest Re	Bermuda	A++	Stable	AA	Stable
48	Hiscox	Bermuda	A	Stable	A	Stable
49	Somers Re	Bermuda	A-	Stable	-	-
50	Brit Limited	United Kingdom	A	Stable	A+	Stable

NR : Not rated **Source :** AM Best et S&P

Source: Atlas Magazine - 27 Nov 2023

● *Reinsurance Trade Barriers and Market Access: Issues Worldwide*

I. Executive summary of the types of restrictive reinsurance measures applied by jurisdictions

Global Reinsurance Forum (GRF) members account for more than 65% of global net reinsurance premiums.

The GRF believes that positive and significant economic benefits will result from the free global flow of risk through open and competitive reinsurance markets.

During the latest review, the GRF has identified 54 major territories, including regional groupings, which have implemented, are in the process of implementing or consider implementing, barriers to the transfer of risks through global reinsurance markets. Whilst some jurisdictions have been pursuing liberalisation of their reinsurance markets, it remains concerning to see that significant existing barriers still remain in place and new restrictions to the free flow of reinsurance are being established. Such barriers reduce competition leading to reduced customer choice, higher reinsurance costs and less capacity over the long-term horizon.

These reinsurance trade barriers and market access issues include but are not limited to:

- Restrictions on the ability of reinsurers to freely conduct business on a cross-border basis, thus limiting the capacity of global reinsurers to spread risk globally and to prevent domestic concentrations of risk. Varying levels of restriction are witnessed or developing in Australia, Algeria, Argentina, Azerbaijan, Brazil, China, Colombia, Ecuador, Egypt, European Union, Germany, India, Indonesia, Malaysia, Nepal, Netherlands, New Zealand, Nigeria, the Philippines, Singapore, South Africa, South Korea, Tanzania, Thailand, Uganda, Vietnam, Zimbabwe as well as the groupings of other member countries of the African Union and the grouping of the Conférence Interafricaine des Marchés d'Assurances.
- Requirements for reinsurers operating on a cross-border basis to collateralise or localise assets, preventing the global reinsurance market from transferring and spreading risk on the basis of a competitive, level playing field across borders. Such requirements exist or are evolving in jurisdictions including Argentina, Brazil, Canada, China, India, Israel, Portugal, Singapore, and the United States.
- Restrictions on foreign ownership of subsidiaries and other barriers to the establishment of branches, subsidiaries and operations. This restricts the ability of reinsurers to deliver their full economic benefit by providing local underwriting expertise and direct services to transfer risk out of domestic markets on an open and competitive basis. Such barriers are present or developing to varying extents in a number of jurisdictions including, but not limited to: Algeria, Argentina, Azerbaijan, Bangladesh, Brazil, Cambodia, China, Egypt, Ethiopia, India, Indonesia, Kenya, Malaysia, Moldova, Myanmar, Nigeria, Russia, Saudi Arabia, United Arab Emirates, Uganda, the United Kingdom, the United States, Zambia and Zimbabwe.
- The use of discriminatory and anti-competitive mechanisms such as compulsory cessions to domestic entities, systems of 'right

of first refusal', and compulsory, subsidized or monopolistic governmental mechanisms limiting the competitive capacity of global reinsurers to operate on a level playing field. Such practices concentrate risk domestically, whilst limiting customer choice, and can be witnessed or are developing to varying degrees in the African Union, Algeria, Argentina, Bangladesh, Belarus, Bhutan, Brazil, Cambodia, China, Colombia, Ecuador, Egypt, Ethiopia, France, Gabon, India, Indonesia, Kenya, Malaysia, Mongolia, Myanmar, Namibia, Nepal, Nigeria, Pakistan, the Philippines, Russia, Saudi Arabia, Senegal, South Korea, Sri Lanka, Sudan, Tanzania, Uganda, Vietnam, Zambia and elsewhere.

II. Significant developments since the last edition of this document was published:

- Brazil: effective 1 January 2023, minimum retention requirements for insurers have been reduced from 50% to 10% and for reinsurers from 50% to 30% of their total annual written premium (this does not apply to financial risks, agricultural and nuclear risks).
- Cambodia: the entry has been updated to include information on the requirement that non-life risks with sums insured up to USD 500,000 are to be retained or reinsured within Cambodia.
- Egypt: the entry has been updated to incorporate information on the existing limits in relation to cessions that could be made to any one reinsurer/group and to reinsurers from any one country.
- Moldova: Law on the Business of Insurance and Reinsurance which entered into force on 1 January 2023 permits third country reinsurers to set up branches in Moldova.
- Saudi Arabia: SAMA has issued a circular that confirmed a mandatory cession of at least 20% of all reinsurance treaties to the local reinsurance market. The new requirement came into effect on 1 January 2023 and the cessions will increase to 25% in 2024 and 30% in 2025.
- Senegal: the entry has been edited to reflect the new and amended compulsory cessions to CICARE.
- In addition, it now also includes a requirement to seek regulatory permissions for cross-border placements in excess of 50% for Senegal domiciled risks.
- Sudan: mandatory cessions to the National Reinsurance Company have been decreased from 50% to 25% following the privatisation of the reinsurer.
- United States: as at 1 January 2023, all US states and the District of Columbia have fully implemented the covered agreement by enacting legislation and/or adopting regulations that set forth an approval process for Reciprocal Jurisdiction Reinsurers.
- Zambia: under the recently enacted Insurance Law No.38 of 2021, local companies are required to have a minimum of 30% of their subscribed share capital owned by Zambian citizens or citizen-owned companies. In addition, the legislation has introduced mandatory cessions to the National Reinsurance Company, although their size has not been yet confirmed. ■

Further Readings (Similar Previous Reports)

• THOUGHT LEADERSHIP

BANCASSURANCE: A world of untapped potential

Recent economic uncertainty could mean opportunities for the bancassurance industry. This study reveals increased customer appetite for bank-provided insurance and identifies untapped areas for growth.

40%
of the European population is worse off than pre-pandemic

89%
of customer show interest in buying multiple insurance products from the same provider

For over two and a half years, uncertainty has had a debilitating effect on our world. And as we head into the coming months and years, the fog shows little sign of lifting. However, with uncertainty comes opportunity for change. And through changes in bancassurance, the opportunity to prosper for customers, financial institutions and the wider economy is vast.

Our own continent has been hit particularly hard since 2020, with the ongoing conflict to suffer through on top of global issues like the Covid pandemic. Our employment landscape has been in constant flux.

While from food to fuel, gas to electric, our cost of living has skyrocketed. According to a European parliamentary report, 40% of the European population is worse off than prepandemic, and over half is only three months away from financial difficulty. The point is, when people aren't secure, they can't plan. And when they can't plan, they don't spend or borrow. With government help becoming increasingly limited, people are seeking additional means of security for themselves and their families.

And insurance is seeing a surge in popularity off the back of this. For banks in particular, these circumstances present opportunities to help customers, both current and new, to bridge that security gap.

Facts, figures and insights that open new doors

This research unearths invaluable trends, patterns and behaviours in attitudes around insurance – and, crucially, around providers of insurance.

In short, there's an incredible opportunity for Financial Institutions to plug a vast (and widening) gap in the market, and avoiding complacency is the only way of ensuring banks can step up and seize it.

Before focusing on what the path to a brighter bancassurance future may look like though, let's start with a reminder of the current lay of the land.

Buying insurance from banks

While overall awareness of insurance's necessity is high (77% of those asked felt this way), an even more interesting finding was that willingness to purchase insurance from banks is up significantly, too (65%, from just 43% in 2013).

A striking statistic, but meaningless if considered in isolation – especially with demand for nonbanking partners also on the rise.

Buying multiple insurance products from the same provider

Another attention-worthy stat is that a huge 89% are showing interest in buying multiple insurance products from the same provider. But, in general, awareness of end-to-end insurance solutions is low.

This is almost certainly down to a lack of cutting-edge marketing strategies in the world of insurance. The bancassurance industry, by its own admission, has some work to do in this area.

The standard bancassurance menu

The traditional industry offering is a path well-trodden, covering six main markets. It includes:

- Accident and health insurance comprising accident, hospital cash and medical expenses
- Personal motor, household and travel insurance the standard, day-to-day protection covers
- Personal and identity protection insurance think ATM cash, handbags, mobiles, wallets, card protection and ID protection assistance
- Investment-related life insurance both unit-linked and non-unit-linked products and retirement savings
- Creditor insurance made up of cover linked to mortgages, consumer finance and credit cards

Unsurprisingly, this is a ‘me-too’ world, with little or no differentiation across the board.

But it’s also the very reason why the opportunity is so large. With a little investment in contemporisation, the bancassurance industry can make huge strides – and our research is clearly signposting the way forward.

Future-proofing the bancassurance offering

Essentially, driving the industry forward involves three key things: a strong, relevant promotional effort, new markets, and new products. But this isn’t a case of prioritising one or picking a couple to focus on. All three need to be singing and dancing if Financial Institutions are to fully capitalise.

The good news is that banks have a whole host of competitive advantages to leverage.

Firstly, our findings indicate that, after insurance companies (93%), it’s now banks who many seek to buy insurance from (65%) – superseding brokers, aggregators, utilities providers, supermarkets, and online retail giants such as Amazon.

Fundamentally, here’s why. Customers have two key desires when it comes to their choice of insurance provider: good general customer service and a smooth claims management process. There are also additional factors, driven by age. For 18-34s, trust in the brand is a big deal. While for those aged 35 or over, price is the big driver. For reasons of scale, heritage and innovation potential, banks are perfectly positioned to deliver all of this.

They have a long legacy of protecting customers’ money, for starters. They have an ongoing, expansive retail presence, along with the ability to segment and target at a highly strategic level. And there’s the perceived sophistication of their digital channels.

The omnichannel age is upon us

These last two points are worthy of particular attention – as this ‘sophistication’ goes above and beyond what most others can do. Conversely, though, this is elite-level digital technology that’s capable of doing more than it currently does.

At a basic level, banks are responding well to the evolution from POS, postal and telephone communications to computers, tablets and mobiles. It’s at a more strategic level, evidently, where bancassurance has the opportunity to make fuller use of its own digital potential. We know that customers today are far more open to multichannel marketing – and omnichannel marketing – than ever before. The ability to use multiple means of communication, enjoying 24/7 support from tech and humans alike, is now

There are also additional factors, driven by age. For 18-34s, trust in the brand is a big deal. While for those aged 35 or over, price is a big driver.

an expectation, rather than a bonus. The benefits to the bancassurance industry of wielding seamless product mixes (more on this later), targeting, marketing, distribution and a blend of online, offline and human after-sales, are astronomical.

Rich new seams to mine

Opportunity, however, doesn’t lay solely in end-to-end tech and marketing investment. There are exciting new markets out there, full of untapped potential, too. A clear picture has emerged of four insurance markets that today offer considerable scope for profitability. ■

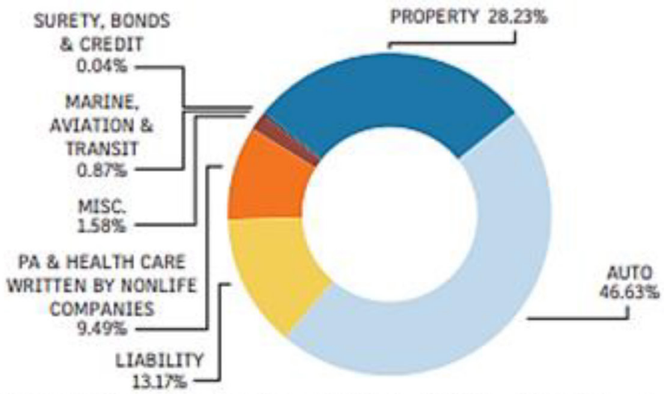
Source: WTW – 17 November 2023

PROFILE: CYPRUS

85
GLOBAL P/C MARKET RANKING

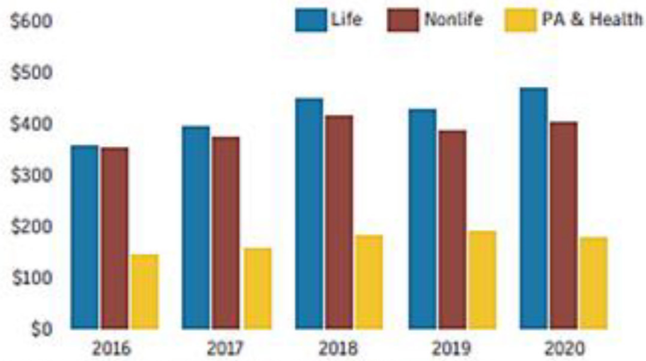
The insurance market in Cyprus is well developed, and penetration in the nonlife sector is good. Awareness of the benefits of insurance is generally high, and a wide range of coverages is available from sophisticated insurers. General liability insurance is popular, particularly for hotels and restaurants, and employers liability is compulsory, as is professional liability insurance for certain professions. Directors and officers liability and specialist coverages such as cyber and environmental require extensive foreign reinsurance. Most local marine hull/liability and aviation risks are insured in international markets, but cargo is insured locally. Cyprus is in an earthquake zone, but otherwise natural perils present only a limited risk. High winds are not common, and there are few rivers to cause flooding, but flash floods in urban areas have resulted in some notable losses.

MARKET SHARE



MARKET GROWTH

In millions, U.S. dollars



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies

AREA
3,572
square miles

POPULATION
1.31
million

MARKET CONCENTRATION
52.45%
market share of top five insurers

2023 GDP CHANGE (PROJECTED)
2.5%

COMPULSORY INSURANCE

- Auto third-party liability
- Employers liability
- Professional liability for insurance intermediaries
- Medical malpractice for doctors and medical facilities providing services to the national health system
- Fire, lightning and earthquake for buildings in common use with at least five units
- Aviation liability
- Shipowners liability against marine oil pollution (financial guarantee or insurance)

INTERMEDIARIES

Brokers and agents are required to be authorized to do insurance business. They are permitted to place business with nonadmitted insurers not covered by EU rules, with the exception of auto third-party liability, professional liability for insurance intermediaries, and estate agents employers liability.

NONADMITTED

Insurers must be locally authorized to carry on insurance business in Cyprus. At the same time, there is nothing in the law that indicates that insurance must be purchased from locally authorized insurers, with some exceptions. This is generally interpreted to mean that insurers can issue policies from abroad — with exceptions — if approached by a buyer and/or an intermediary.

MARKET PRACTICE

As the Cyprus insurance market offers a range of nonlife products from local companies and from markets in the EU/EEA, there is little need for most customers to seek insurance from elsewhere in the world.

Source: Business Insurance Magazine - September 2023

Cyprus insurance market crossed the EUR 1 billion threshold at the end of 2022

Cypriot insurers reported FY2022 aggregate GWP of EUR 1.05 billion, up by 9.5% y-o-y, according to the year-end market figures report published by the Insurance Association of Cyprus - IAC.

The GWP from non-life insurance lines totaled EUR 533 million (up by 4% y-o-y), while the life insurance segment generated premiums of EUR 520 million, or 15.7% more y-o-y.

During the period, the value of gross claims incurred was EUR 466.6 million (up by 9% y-o-y), of which EUR 231.3 million related to life insurance, EUR 130.5 million - motor, EUR 66.4 million - accidents & health.

The largest life insurers in the country in terms of GWP were EUROLIFE, CNP CYPRIALIFE and UNIVERSAL Life - which accounted together for 65% of life premiums, while in the non-life insurance segment, the Top 3 insurers (CNP Asfalistiki, General Insurance of Cyprus and Trust) accounted for about 31% of non-life GWP.

In terms of profitability, the life insurance market reported a gross underwriting profit of EUR 76.62 million vs. EUR 28.81 million in 2021, while the net underwriting profit was EUR 64.12 million vs. EUR 22.31 million. The underwriting result in non-life insurance decreased by 5.5% y-o-y to EUR 62.12 million vs. EUR 65.76 million at the end of 2021.

Source: XPRIMM - 6 April 2023

Further Reading

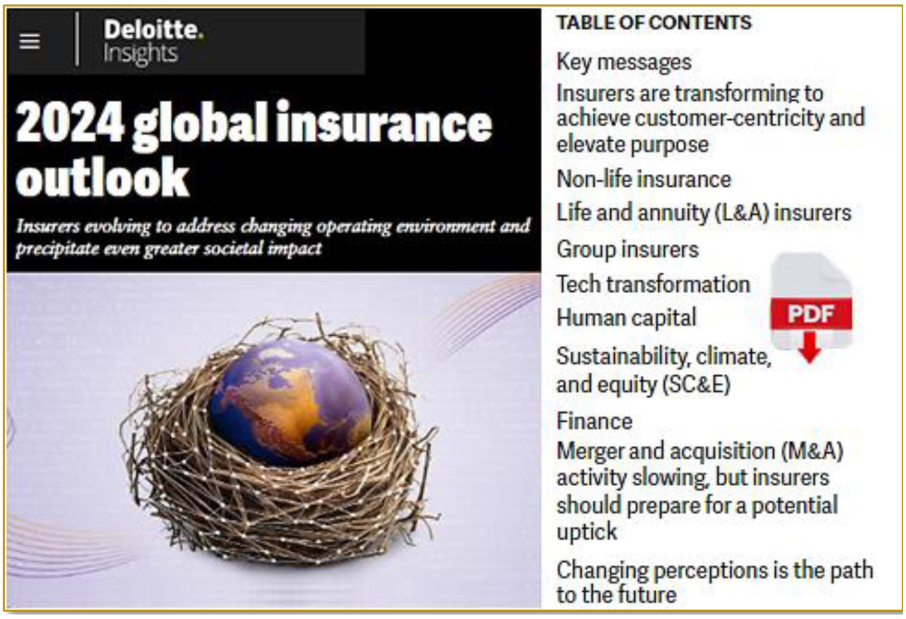
Insurance & Reinsurance Laws and Regulations 2023

ICLG - Insurance & Reinsurance covers common issues in insurance and reinsurance laws and regulations – including regulatory authorities and procedures, (re)insurance claims, litigation – overview, litigation – procedure and arbitration

Published: 29/03/2023

Cyprus

• *2024 Global Insurance Outlook Reports*

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How African reinsurers can drive the growth of credit insurance markets

The Chronicle Taurai Museka, Guest Insurance Analyst AFRICA is a continent of immense potential opportunity. With a rapidly growing economy and a rising middle class, there is a need for robust financial services to support the growth of businesses and individuals.

One such financial service is credit insurance, which provides protection against the risk of non-payment by customers. However, the credit insurance market in Africa is still in its infancy, with limited awareness and adoption.

This article will explore the potential for growth in credit insurance markets in Africa and the role of African reinsurers in driving this growth. Africa's credit insurance market has significant untapped potential.

As the continent experiences economic growth and increased trade, the need for credit insurance becomes more pronounced. Credit insurance not only protects businesses against non-payment but also enables them to access financing from banks and other financial institutions.

According to the International Credit Insurance and Surety Association, the effective use of credit insurance can unlock over US$600 billion of trade-related financing. This, in turn, stimulates economic activity and drives growth.

However, there are several challenges and barriers that need to be addressed to fully unlock the potential of credit insurance markets in Africa. Challenges and barriers to credit insurance growth in Africa Despite the potential for growth, there are several challenges and barriers that hinder the development of credit insurance markets in Africa.

One of the main challenges is the lack of awareness and understanding of credit insurance among businesses and individuals. Many are unaware of the benefits of credit insurance and the protection it provides.

Additionally, there is a lack of trust in insurers and a perception that credit insurance is expensive or unnecessary. These barriers need to be overcome through education and awareness campaigns to promote the benefits of credit insurance.

Another challenge is the limited availability of data and credit information in many African countries. Credit insurance relies on accurate and up-to-date information about customers' creditworthiness.

However, in Africa, there is often a lack of credit bureaus or formal credit reporting systems. This makes it difficult for insurers to assess the risk of non-payment accurately.

Addressing this challenge requires the establishment of robust credit reporting systems and the sharing of credit information among insurers and financial institutions. The role of African reinsurers in driving credit insurance markets' growth African reinsurers play a crucial role in driving the growth of credit insurance markets in Africa.

Reinsurers provide insurance coverage to primary insurers, enabling them to underwrite credit insurance policies. They assume a portion of the risk and provide financial stability to the market.

Furthermore, African reinsurers can leverage their local knowledge and expertise to tailor credit insurance products to the specific needs of African businesses and individuals. This localization is essential in addressing the unique risks and challenges faced by the African market.

African reinsurers also have the opportunity to collaborate with international reinsurers and insurers to bring their expertise and capital into the African market. This collaboration can help bridge the gap in knowledge and resources and accelerate the growth of credit insurance markets in Africa.

By working together, African and international reinsurers can develop innovative products and solutions that meet the needs of African businesses and individuals. Strategies for African reinsurers to unlock credit insurance potential To unlock the potential of credit insurance markets in Africa, African reinsurers need to adopt several strategies.

Firstly, they need to invest in education and awareness campaigns to promote the benefits of credit insurance. This can be done through partnerships with industry associations, business networks, and government agencies.

By educating businesses and individuals about the importance of credit insurance, African reinsurers can increase demand and drive the growth of the market. Secondly, African reinsurers should focus on developing tailored credit insurance products that address the specific needs and risks of African businesses and individuals.

This requires a deep understanding of the local market and close collaboration with primary insurers and other stakeholders. By offering customized solutions, African reinsurers can differentiate themselves from international competitors and capture a larger share of the market.

Lastly, because of perceived high risk international reinsurers have shown little appetite on credit insurance business in certain African markets, and therefore, this is an opportunity for African Reinsurers to exploit the potential in this area. However, this should be backed by strong investment in education and data collection infrastructure, to enable astute risk assessments.

Collaboration and partnerships for Africa Collaboration and partnerships are essential in driving the growth of credit insurance markets in Africa. African reinsurers can collaborate with primary insurers, banks, and other financial institutions to develop integrated solutions that address the financing needs of businesses.

By working together, these stakeholders can create a seamless ecosystem that supports the growth of credit insurance markets and stimulates economic activity. Furthermore, African reinsurers can partner with international reinsurers and insurers to bring their expertise and capital into the African market.

This partnership can help address the capacity constraints faced by African reinsurers and provide access to global best practices. By combining local knowledge with international expertise, African reinsurers can develop innovative products and solutions that meet the needs of the African market.

Regulatory frameworks supporting policies Regulatory frameworks and policies play a crucial role in supporting the growth of credit insurance markets in Africa. Some developed nations have already included in their banking rules to assist in mitigating credit risk.

Governments need to create an enabling environment that encourages the adoption of credit insurance and protects the interests of policyholders. This includes developing clear and transparent regulations for credit insurance, promoting competition among insurers, and establishing credit reporting systems.

Additionally, governments can provide incentives and subsidies to promote the adoption of credit insurance among businesses. This can include tax incentives for businesses that purchase credit insurance or subsidies for insurers that offer credit insurance products in underserved markets.

By implementing supportive policies, governments can encourage the growth of credit insurance markets and foster economic development. Future trends and opportunities for African reinsurers The future of the credit insurance industry in Africa looks promising, with several trends and opportunities on the horizon.

One such trend is the digitization of the industry. With the increasing use of digital platforms and technologies, African reinsurers can leverage these tools to streamline their operations, improve customer experience, and reach underserved markets.

Digital platforms can facilitate the underwriting and claims processes, making credit insurance more accessible and efficient. Another opportunity lies in the development of microcredit insurance products.

Microcredit has gained traction in Africa as a means of providing financial services to the unbanked population. African reinsurers can develop microcredit insurance products that protect lenders against the risk of non-payment by micro-borrowers.

This not only reduces the risk for lenders but also encourages the provision of microcredit and supports financial inclusion. Conclusion: The importance of African reinsurers in unlocking the potential of credit insurance markets in Africa In conclusion, African reinsurers play a crucial role in driving the growth of credit insurance markets in Africa.

By leveraging their local knowledge and expertise, African reinsurers can develop tailored solutions that meet the needs of African businesses and individuals. Through collaboration and partnerships, African reinsurers can bridge the gap in knowledge and resources and accelerate the growth of the market.

With supportive regulatory frameworks and policies, African reinsurers can unlock the potential of credit insurance markets and contribute to the economic development of the continent. The future of the credit insurance industry in Africa looks promising, and African reinsurers are well-positioned to seize the opportunities that lie ahead. ■

Source: The Chronicle - 2 August 2023

• *WAICA pushes harmonisation of IFRS 17 amongst insurers in West Africa*

The West African Insurance Companies Association (WAICA) has set in motion the need for insurance companies in the subregion to commence harmonisation of International Financial Reporting Standard (IFRS) 17.

Chief Executive Officer Mettlehouse Consulting & Ex-Director, National Insurance Commission Barineka Thompson, re-echoed this in a Paper entitled:'Harmonizing Financial Reporting in West Africa IFRS 17 Insurance Contract Implementation Guide for Operators and Regulators' presented at the 2023 WAICA Education Conference in Freetown Sierra Leone.

He noted that the implementation of IFRS 17 presents a great opportunity for all WAICA members to set the tone and as example to other regional blocks, with common cooperation and interest.

He submitted that IFRS 17 was issued in May 2017 to be effective for annual periods beginning on or after January 1, 2021 but now taking effect on January 1, 2023, with earlier application permitted for entities to supersedes IFRS 4.

According to him, IFRS 17 heralds a new era of accounting for insurance contracts because it sets. out principles-based requirements.

The impact of IFRS 17, he said would be felt by many stakeholders, including, but not limited to preparers of financial statements, those charged with the governance of entities that issue insurance contracts, investors,y regulators, analysts and auditors.

He stated that IFRS 17 would improve the comparability of the measurement, recognition, presentation and disclosure of insurance contracts and over-all, the financial statements of member companies.

He said with the reporting standard, work of the College of Insurance Supervisors (CIS) of the WAISA would be more efficient.

“It is a great opportunity for WAICA members to develop and adopt uniform illustrative financial reporting (to
provide minimum basis) template for use by operators in the region.

“This can be achieved through policy adoption by the WAISA) under the West African Monetary Zone (WAMZ) protocol,” he posited.

He enjoined WAICA member countries to commence the harmonization of financial reporting and going forward, adding that the effective implementation of the standard is hinge on the following guiding principles:
Embrace IFRS 17 principles; IFRS 17

provides principle-based requirement that aim to improve the comparability of measurement and presentation of insurance contract by insurance entities; High Quality Implementtion; management should ensure high quality implementation while avoiding undue complexities; consistent interpretation and application across groups and the standard introduces various accounting policy choices; hence, stakeholders must ensure consistent interpretation and application of the standard across group entities.

Continuing he said it would also require robust governance over the entire implementation program.

To ensure effective implementation of the standard, he said management must set up a steering committee saddled with the responsible of providing governance for the successful implementation of the standard and foster methodologies and solutions based on transparency and auditability.

It will improve the comparability of the measurement, recognition, presentation and disclosure of insurance contracts and over-all, the financial statements of member companies, he posited.

Thompson implored regulators to show leadership and coordinate the industry with clearly detailed road map to achieve seamless implementation.

He pointed out that some disparities obtain in insurance financial reporting models across the WAICA block, similar to other jurisdictions and maintained that the birth and operation of West African Insurance Supervisors Association (WAISA) is noble.

Commenting on the outcome of the event, President of WAICA Eddie Efekoha, applauded the Secretary General of WAICA Davis Iyasere and his team at WAICA secretariat for the good work, stressing that the first outing was great and called on them to build on the successes recorded.

A participant also said: “I hereby join to applaud the WAICA Council and staff, the LOC, delegates and faculties for a highly eventful and knowledge impactful conference.”

A delegate fro Ghana said: “On behalf of Ghana’s delegation, I sincerely thank WAICA organisers and all others involved for such a wonderful event and hospitality. God bless you all.” ■

Source: Inspen Online - 17 Nov 2023

• *One Acre Fund launches reinsurance scheme to safeguard smallholders impacted by climate crisis*

One Acre Fund has launched a new reinsurance fund, called One Acre Fund Re, set to provide a critical financial safety net for smallholder farmers in 2024.

It has been launched in partnership with the International Finance Corporation, US International Development Finance Corporation, and the African Risk Capacity.

The scheme is to cover over one million farmers, and will scale coverage to at least four million farmers by 2030.

The new resource will leverage One Acre Fund’s on the ground presence and rigorous data gathering to design insurance products and direct payouts in a way that more effectively responds to farmer experiences.

Johannes Borchert, Global Head of Risk & Resilience at One Acre Fund, said: “We are planning to roll out One Acre Fund Re in 2024 to five out of nine country programs. From year one, it will benefit over 1m farmers across Africa.

“As this facility grows, we will extend our services to farmers in all our areas of operation and beyond. We believe the data, experience and underwriting capacity we bring should be extended to offer climate safety nets to as many smallholder farmers as possible.”

More than two billion people worldwide rely on subsistence farming; a group disproportionately affected by the devastating impacts of the climate crisis.

Disasters have caused about $3.8 trillion worth of lost crops and livestock production over the past three decades globally, yet only 3% of African farmers have insurance coverage, analysts highlight.

Annie Wakanyi, Director of Global Government Partnerships at One Acre Fund, commented: “Smallholder farmers make up one of the most climate-vulnerable populations on the planet, facing increased frequency of climate events with devastating consequences on yields and household stability.

“This insurance offer has the potential to provide smallholder families with a strong safety net when these events occur; yet current market failures mean that most insurance products are too expensive or too limited in coverage to support meaningful resilience. But it doesn’t have to be this way.

She added: “Agricultural insurance can support lasting impact and resilience for small-scale farmers. With economic growth from agriculture 11 times more effective at reducing extreme poverty than any other sector in sub-Saharan Africa, One Acre Fund Re aims to support smallholder families to achieve long-term poverty reduction and resilience.”

One Acre Fund supports smallholder farmers to build more food secure, climate resilient and prosperous communities. It takes an adaptation-first approach by sharing climate-smart farming practices with smallholders to increase farm yields sustainably and diversify income streams, and by providing safety nets to ensure financial stability.

During COP28, the group stated it will call for global governments, policymakers, investors and the general public to engage with and invest in smallholders. ■

Source: ReinsuranceNews - 6 December 2023

EGYPT

• *Insurance instalments reach EGP 66bn in one year:* FRA Chief says

Chairperson of the Financial Regulatory Authority (FRA), Mohamed Farid, said that the insurance instalments in the Egyptian market amounted to EGP 66bn from August 2022 to July 2023. He also said that the insurance companies paid EGP 29.6bn in compensation to their clients during the same period.

Farid made these statements at the opening session of the fifth Sharm El-Sheikh Insurance and Reinsurance Forum. He also said that the FRA registered new brokers and re-registered others, totalling 17,191 brokers in the first eight months of this year. He added that the FRA dealt with 1,992 complaints related to the insurance sector.

Farid outlined the FRA's strategic plan to raise insurance awareness, ensure insurance coverage, and increase the sector's share in the GDP. He said that the plan is based on several axes, including empowering technology in the insurance sector by allowing insurance companies to promote their products through electronic stores and applying cybersecurity rules.

He also stressed the FRA's plan to review the effects of inflation and interest rates on the financial results of insurance companies. He said that the FRA will ask companies to prepare indicative pricing for insurance products based on actuarial studies and then review them to ensure their compatibility with the companies' financial solvency and operational capabilities.

Finally, Farid announced that the first Egyptian actuarial table in the life insurance activity will be applied soon. He said that this will contribute to supporting this activity and setting a fair price for products.

Daily News Egypt - 18 Sep 2023

• *FRA Decree on Pricing Insurance Policies*

by Fatima Amr (Soliman Hashish & Partners)

On September 18, 2023, the Egyptian Financial Regulatory Authority (the "FRA") issued Decree No. 152 of 2023 (the "Decree"), on the requirements of insurance companies and cooperative insurance societies (the "Company" or "Companies") with regard to pricing insurance policies.

In addition to the obligations stated in Law No. 10 of 1981 on the supervision and regulation of insurance, the Decree stipulates further specific commitments on the Companies, which include, inter alia, preparing a study on technical and actuarial foundations that constitute the basis of the pricing and indicative prices proposed for each insurance branch and the business outcome experience for the past five years, provided that such study is certified by the actuary and the Company's competent authorities.

For property and liability insurance branches for ship hulls, aviation, oil and engineering industries, submitting the technical foundations pricing policies is sufficient. Compulsory insurances with fixed prices are exempt from the requirement of preparing such study.

The studies indicated in the Decree shall be certified by the Company's competent authority or its general assembly and submitted to the FRA within one month from the date of commencement of the financial year. The Companies shall then fulfill the observations of the FRA, if any, within the timeframe specified by the FRA. ■ Source: Mondaq - 28 September 2023

- ***Publication of the first Egyptian mortality tables***

The Financial Regulatory Authority (FRA) has completed the development and publication of the first Egyptian mortality tables on 16 October 2023. These will enable insurance companies to set the right rates for life products.

After using British mortality tables for many years, this initiative makes Egypt the first Arab country to have this working tool.

Life insurers are required to submit a statistical mortality statement to the FRA at the end of each year. This data will be used to regularly update the new mortality tables. ■

Source: Atlas Magazine - 17 Oct 2023

- ***Insurance industry awaits incentives to list on stock exchange***

A package of incentives and tax measures must be provided to attract more insurance companies to list on the stock exchange, according to insurance industry players.

The capital market is an important option for fundraising when the unified insurance law is eventually passed with provisions that will increase the required minimum capital of insurers.

The proposed unified insurance law, now being discussed by the House of Representatives, will increase the required minimum capital of insurance companies to EGP250m ($8m) from EGP60m currently.

The Egyptian government has announced that there are plans for state-owned insurers, Misr Insurance and Misr Life Insurance, to launch initial public offerings.

At present, only two private-sector insurance companies are listed on the local bourse. They are Mohandes Insurance and Delta Insurance. However, trading in their stocks is light due to the desire of shareholders to hold the shares to enjoy profit distributions by these insurers, according to a report in Amwal Alghad.

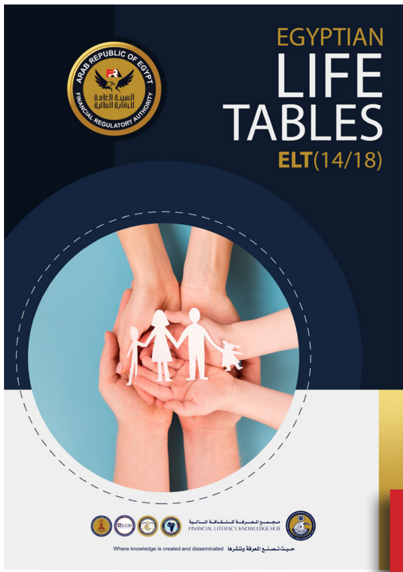
Mr Khaled Abdul Sadiq, chairman and CEO of Mohandes Insurance, says that obstacles to insurance companies opting for a stock exchange listing include the burden of listing expenses.

He adds that despite the obstacles, expectations are that companies in the sector will seek to undertake an initial public offering, because of external interest in indirect investments in insurance company shares, and the insurers' desire to increase their capital through public subscription.

He expects that stock offerings by the insurance sector would succeed in attracting liquidity and increase the depth of the market by attracting new segments of investors, especially foreigners.

Mr Alaa El-Zoheiry, president of the Insurance Federation of Egypt, says that going public is essentially a decision for the owners of insurance companies. ■

Source: Middle East Insurance Review - 6 Dec 2023



GHANA

• *Regulation of Foreign Insurers and Reinsurers under Ghana's Insurance Act, 2021 (Act 1061)*

Ghana's insurance industry is regulated under the Insurance Act, 2021 (Act 1061) (the Insurance Act).

The National Insurance Commission (the NIC) is responsible for the effective supervision and regulation of the insurance industry in Ghana.

The Insurance Act defines a foreign insurer as a person who carries on an insurance business and is incorporated outside Ghana. It also defines a foreign reinsurer as a person incorporated outside Ghana with the primary business of entering reinsurance contracts as a reinsurer.

The Insurance Act regulates any insurance business carried out in Ghana by foreign insurers and reinsurers.

A person is considered to carry on an insurance business in Ghana if that person (as an insurer or reinsurer):

i. enters into a restricted insurance contract (any insurance policy which covers risks arising from properties located in Ghana, liabilities arising in Ghana, or goods being imported into Ghana);
ii. occupies any premises in Ghana with a view to undertake an insurance business; or
iii. makes an offer to (or invites) a person resident in Ghana to enter into, renew or vary an insurance contract. On the other hand, a person purports to carry on an insurance business in Ghana where such a person uses a name, style, designation, description, title or trade or service mark that represents or implies that the person is an insurer or a reinsurer.

Life insurance does not fall within the scope of a restricted insurance contract.

Therefore, a foreign insurer or reinsurer may underwrite or issue life insurance policies for the benefit of Ghanaian residents without being considered to be carrying on an insurance business in Ghana provided the life insurance policies are not marketed, sold or distributed in Ghana by the foreign insurer or reinsurer.

A foreign insurer or reinsurer may sell life insurance products to Ghanaian residents on a reverse solicitation basis.

A person who carries on or purports to carry on an insurance business in Ghana requires an insurance licence from the NIC.

Failure to obtain the required licence constitutes a crime and is punishable by a maximum fine of GHS 600,000 (USD 50,000) or a maximum term of 5 years imprisonment.
However, there are a few exceptions to the requirement for a licence in respect of foreign insurers and reinsurers under the Insurance Act.

The licensing requirement does not apply to a foreign reinsurer that enters into:

i. a reinsurance contract with a licensed insurer; or
ii. a retrocession contract (an insurance contract under which a reinsurer indemnifies another reinsurer against any loss on one or more reinsurance contracts entered into by the other reinsurer) with a licensed reinsurer.

It is also not applicable to a foreign reinsurer that opens a contact office in Ghana provided the contact office is approved by the NIC on an application by the foreign reinsurer and such contact office is operated in accordance with any directives and conditions imposed by the NIC.

Additionally, the licensing requirement does not apply to a foreign insurer that carries on an insurance business in relation to restricted and specified types of insurance contracts under an authorisation granted by the NIC.

The application for authorisation is to be made by the foreign insurer through a licensed insurer or reinsurer.

The authorisation is granted at the discretion of the NIC provided there is insufficient capacity in Ghana to insure the risk and no licensed insurer is willing to insure the risk covered under the insurance contract.

Furthermore, the foreign insurer must sufficiently prove that:

i. it is authorised in its home country to enter into an insurance contract of the type for which the authorisation is sought;
ii. it has satisfied the regulatory and supervisory requirements of its home country concerning the insurance business to be carried out under the authorisation; and
iii. the insurance contract would be considered as lawfully entered into by the foreign insurer if entered into in its home country. ■

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

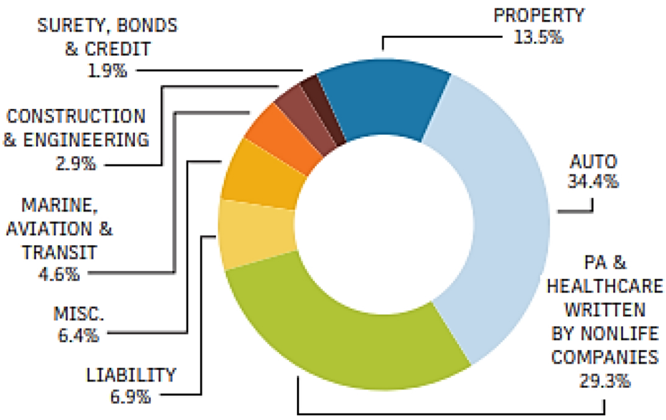
Source: Mondaq – 6 June 2023

PROFILE: MAURITIUS

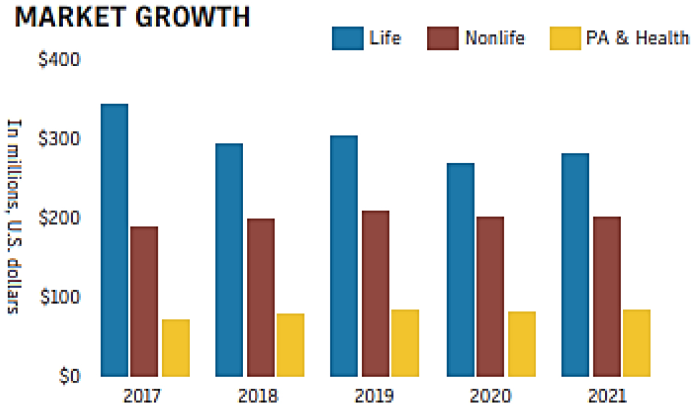
97
GLOBAL P/C MARKET RANKING

The Mauritian property/casualty market is characterized by a high level of fronting, with very little business retained locally and insurers in general more concerned with protecting their balance sheets than growing their assets. It is a mature insurance market with high penetration relative to some other African markets. The country is exposed to cyclones, although no major event has hit the island for some years. Flooding, particularly flash-flooding linked to heavy storms, has become a concern for insurers, with significant events now occurring yearly rather than every five to 10 years as in the past. With brokers controlling 57% of property/casualty premium and 15 insurers licensed to operate, competition for business is fierce. The top five insurers, nevertheless, control around 77% of the business, and many of the smaller companies focus heavily on auto business.

MARKET SHARE



MARKET GROWTH



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies

AREA
788
square miles

POPULATION
1.31
million

MARKET CONCENTRATION
76.84%
market share of top five insurers

2023 GDP CHANGE (PROJECTED)
4.6%

COMPULSORY INSURANCE

- Auto third-party liability
- Workers compensation (state scheme)
- Professional liability for insurance brokers, managers and agents
- Shipowners liability for marine oil pollution (financial guarantee or insurance)
- Liability insurance for air carriers for injury to passengers and damage to baggage or goods during international journeys
- Third-party liability insurance for operators of drones
- Clinical trials liability

NONADMITTED

Nonadmitted insurance is not permitted in Mauritius because the law provides that insurance must be purchased from locally licensed insurers, with some exceptions.

INTERMEDIARIES

Brokers and agents are required to be licensed to do insurance business in Mauritius. Local intermediaries are not permitted to place business with nonadmitted insurers, with some exceptions.

MARKET PRACTICE

Local clients and local companies respect the law. The Financial Services Commission accepts that fronting is a common occurrence in the market and insists only that it be conducted on "a sound basis."

Information provided by Axco.
For free trial access to global insurance intelligence, visit axcoinfo.com.

MARKET DEVELOPMENTS

Updated October 2023

- Rates were reported to have hardened at mid-year 2023 renewals for property risks (up 10% to 15%), health care (up as much as 30%) and auto. Rates were relatively stable for specialty lines such as cyber, directors and officers, professional liability and financial risks, after significant increases at Jan. 1 renewals.
- Auto repair costs have been rising in recent years because of increased vehicle complexity and the need to import many items. The COVID-19 pandemic worsened the situation as imports became more expensive due to the depreciation of the rupee, and delays in supply chains have increased since the war in Ukraine began.
- The European Commission announced in January 2022 that it had removed Mauritius from the EU blacklist of high-risk third countries. This reflected its recognition of the work undertaken by the Mauritius Financial Services Commission and the financial sector as a whole to combat money laundering and terrorist financing. The announcement followed a decision by the Financial Action Task Force in October 2021 to remove the country from its list of jurisdictions under increased monitoring.
- Pursuit of compensation by those impacted by the MV Wakashio oil spill continues, with a class action set to be filed before the Mauritian Supreme Court. The Japanese bulk carrier ran aground on a coral reef on July 25, 2020. It was reported in July 2022 that only 2,321 of the 5,000 claims for damages had been settled, with the total cost of compensation now estimated at around €33 million ($36 million). No local insurers are involved in the claim as it is being settled exclusively by the Japan Protection & Indemnity Club.

BUSINESS INSURANCE

Business Insurance Magazine - November 2023

NIGERIA

- ***NEC mulls insurance against natural disasters for Nigerians***

The national economic council (NEC), chaired by Vice-President Kashim Shettima, is considering implementing a national insurance policy against disasters.

- **The resolution was approved at the council meeting on Thursday.**
- **NEC is a statutory body that advises the president on economic issues and policies.**

Speaking to journalists at the end of the meeting, Atiku Bagudu, minister of budget and economic planning, said the council is looking to award the contract to African Reinsurance, in a bid to shield Nigeria from unanticipated natural disasters like earthquakes and floods.

Bagudu said the decision to consider African Reinsurance was informed by the company's "support to Morocco" during the devastating earthquake that struck the north African nation in September.

"Among other items, the national economic council under the chairmanship of His Excellency the vice president, Kashim Shetima, considered a presentation by the chief executive officer of African Reinsurance which is the leading insurance company in Africa," Bagudu said.

"They made a two-fold presentation; one on natural catastrophe insurance that can be utilised to protect the nation against natural catastrophes like flooding and other disasters.

"This is particularly so, as observed by the vice president that Morocco recently had a devastating earthquake and Africa Reinsurance, leading other insurance outfits, provided over $270 million support for those who were affected because they were insured.

"And His Excellency felt this is an opportunity for Nigeria to also introduce natural catastrophe insurance with the likelihood the Nigerian government will provide the support in that regard."

The minister added that the proposed policy would also benefit small-scale holders, pastoralists, and Nigerian farmers.

"Equally, there was a presentation on crop insurance which can help our teeming farmers, pastoralists and other small scale holders to obtain insurance so that it will protect them against disasters, catastrophes, or challenges that can be faced from time to time in agricultural production," Bagudu said.

"His Excellency the vice president advised states to utilize the opportunity provided by the Africa Reinsurance in helping to deliver insurance to small scale holder participants in the agricultural space in their respective states.

"Associated with this, the council resolved and directed that the coordinating minister of the economy and finance, as well as his budget and economic planning counterpart, chart a roadmap that can see us adopting the national catastrophe insurance and the insurance for supporting farmers and other small scale holders in our agricultural space."

The NEC is set is to hold a retreat in the first quarter of next year.

The retreat, to be held in Abuja, would bring all council members together to "improve coordination between the central government and the sub-nationals".

Source: The Cable - 24 November 2023

• *Regulator unveils 10-year strategic roadmap for the insurance market*

The National Insurance Commission (NAICOM) has revealed that it has drawn up a 10-year strategic roadmap for the insurance market to elevate the industry.

Speaking at the recent National Insurance Conference organised by NAICOM, the regulatory agency's CEO, Mr Sunday Thomas, said that the roadmap for the years from 2024 to 2033, is based on seven strategic thrusts:

- Regulatory transformation
- Risk-based capital models
- Insurance promotion and adoption
- Product diversification
- Distribution channel optimisation
- Digitalisation
- Talent development and support for Nigeria's economic transformation

At another forum, Mr Thomas said, "The strategic roadmap is expected to revolutionise the insurance sector with a well-coordinated implementation approach. Insurance penetration is expected to move from the current rate of 0.4% to 2.1% by the year 2033, which will substantially improve the rating of the Nigerian insurance market on the global insurance map.

"With respect to the performance and potential of the insurance sector, the sector has over the years experienced an average steady year-on-year growth of 15.1% in premium income, however, this is far below the opportunities provided by the Nigerian economy."

Government assets

An area of opportunity lies in the government sector. At a separate meeting, Mr Thomas said that NAICOM would provide the insurance industry with the "Guidance Note for Insurances of Government Assets and Liabilities".

He urged federal and state governments to begin to make adequate provisions for insurance of public buildings and buildings under construction in their respective annual budgets. He said these categories of insurance are made compulsory by extant insurance laws in Nigeria and, thus, must be complied with by all. ■

Middle East Insurance Review – 11 Dec 2023

SOUTH AFRICA

• *Short-term insurance sector faces momentous shift in risk landscape*

The tough economic climate and load shedding are the biggest challenges currently affecting South African households and businesses.

Santam has carried out a study which tracks emerging risk trends in the country against the backdrop of the rising frequency and severity of natural catastrophe losses, unprecedented levels of inflation and the soaring cost of repairs due to geopolitical issues impacting supply chains, as well as a fluctuating currency.

The findings of the study are published in the" 2022/2023 Santam Insurance Barometer Report", released recently.

The study surveyed more than 900 consumers, businesses and brokers from across the country. The findings were combined with Santam's own claims data to create an insightful report, that examines how the local industry can adapt to changing market realities and customer needs.

Shift in the risk landscape

According to Mr Andrew Coutts, CEO of Santam Broker Solutions, the local short-term insurance industry is currently facing a momentous shift in the risk landscape.

"Climate change, infrastructure concerns and socio-economic challenges have created a tough environment for local insurers who bear the responsibility of ensuring their balance sheets can sustainably withstand the cost of the risks dominating the environment they operate in; while also protecting the financial well-being of clients, and the safety of communities," he said.

The impact of South Africa's deteriorating infrastructure, particularly that of the electricity provider Eskom, and the socio-economic challenges due to the constrained economy and high inflationary environment were visible in Santam's claims statistics. Economic challenges are also manifested in higher volumes of crime-related claims.

"Two standout claims trends developed in both the personal and commercial lines categories over the past two years that required corrective actions. The most notable is an exponential escalation of power surge claims related to load shedding, followed by high-value vehicle hijacking and theft," said Mr Coutts.

He adds that Santam had experienced an exponential jump in both the volume and value of power surge-related claims across personal and commercial lines of business for two consecutive years, in 2021 and 2022. The combined claims volume was up by 39% in 2022 (37% in 2021) and the value of claims paid across both lines soared to 48% in 2022 (after an astonishing 53% in 2021).

On the motor side, high-value vehicle hijackings and theft claims increased by 128% year-on-year in 2022, breaking a long-term declining trend. Fortunately, the risk mitigation efforts in the form of tracking devices proved effective and resulted in full-loss incidents declining by 80% in the first half of 2023.

Nat CATs

In addition, Mr Tavaziva Madzinga, Santam group CEO, said, "It has become clear that South African insurers are no longer insulated from the global natural catastrophe experience of the Asia-Pacific, Europe, and the United States of America. The growing number of large catastrophe reinsurance claims locally, coupled with rising global losses, has caused reinsurance premiums to increase significantly, with a knock-on effect on South African client premiums."

The 2022/2023 survey specifically measured the risk trends impacting South Africa and the key findings of the study are:

How insurance consumers experience the risk landscape in South Africa

About 12% of consumer survey respondents suffered financial loss due to extreme weather over the past two years. The survey found that 75% of consumer respondents were concerned about the threat posed by extreme weather events and have taken risk mitigation actions, with 23% improving home maintenance (clearing gutters), 10% removing large trees and 7% building a brick wall to protect their property from flooding. This concern is validated by Santam's statistics, which have shown a consistent uptick in weather-related claims.

The top 10 risks identified by consumers

- Economic challenges: 58%
- Load shedding: 57% (2021: 9%)
- Accidental loss/damage to home, vehicle, property: 39%
- Societal issues: 34%
- Unemployment: 29% (2021: 23%)
- Political risk, e.g. Degradation of infrastructure (potholes, etc.): 19%
- Theft/cloning bank cards: 14% (2021: 10%)
- Climate change: 14% (2021: 4%)
- Fire: 13% (2021: 9%)
- Cybercrime: 12% (2021: 7%)

Impact on corporate and commercial entities

The survey reveals that 80% of corporate and commercial entities have been negatively impacted by emerging risks in the past three years. The challenging economy (66%, up from 62% in 2021) remains the key concern for business respondents, but other emerging risks are becoming more of a concern. Political unrest (59%, up from 48% in 2021), cybercrime (48%, up from 36%), and climate change (47%, up from 35% in 2021) have become increasing threats over the past two years.

Top 10 traditional risks identified by corporate and commercial businesses

- Load shedding/ power surge: 41% (2021: 9%)
- Theft: 27% (2021: 34%)
- Loss of profits: 20% (2021: 14%)
- Economic downturn: 19% (2021: 34%)
- Fire (electrical/ accidental/ wildfires): 19% (2021: 26%)
- Motor vehicle (theft/accident): 17% (2021: 21%) – Transport sector: 48%
- Machinery/systems breakdown: 16% (2021: 14%)
- Climate Change: 16% (2021: 13%) – Agriculture sector: 45%
- Interest rate: 13%
- Political change (social unrest/ violent protests): 12% (2021: 10%) – Transport sector: 24%. ■

Middle East Insurance Review - 23 Oct 2023

TUNISIA

- *The Tunisian insurance market 2022*

Profile

Population : 12 356 117 inhabitants

GDP : 46.66 billion USD

GDP per capita: 3 777 USD

GDP growth rate: 2.5%

Inflation rate: 8.3%

Data as at 31/12/2022, Source: World Bank

Tunisian insurance market: main indicators

In million

	2022	
	TND	USD
Turnover	3 185	1 014
Penetration rate	2,17%	2,17%
Insurance density	258 TND	82 USD

Tunisian insurance market: premiums per class of business

In thousands

Class of business	2022 turnover		2021 turnover		2021-2022 evolution (1)	2022 shares
	TND	USD	TND	USD		
Motor	1 286 798	409 807	1 199 738	416 345	7.26%	40.40%
Group health	465 186	148 148	418 723	145 310	11.10%	14.61%
Fire	173 402	55 223	161 827	56 159	7.15%	5.45%
Marine	101 662	32 376	88 693	30 779	14.62%	3.19%
Credit	20 499	6 528	19 606	6 804	4.55%	0.64%
Agricultural risks	10 252	3 265	11 804	4 096	-13.15%	0.32%
Miscellaneous risks (2)	209 613	66 756	199 552	69 250	5.04%	6.58%
Total non-life	2 267 412	722 103	2 099 943	728 743	7.97%	71.19%
Total life	903 185	287 637	721 983	250 550	25.10%	28.36%
Total	3 170 597	1 009 740	2 821 926	979 293	12.36%	99.55%
Acceptances	14 358	4 573	11 278	3 914	27.31%	0.45%
Grand total	**3 184 955**	**1 014 313**	**2 833 204**	**983 207**	**12.42%**	**100%**

(1) Evolution in local currency

(2) Including work accidents in 2021

Exchange rate as at 31/12/2022 : 1 TND = 0.31847 USD ; 31/12/2021 : 1 TND = 0.34703 USD

Tunisian insurance companies: 2022 ranking

Figures in thousands

Companies	2022 tunover		2021 turnover (1)		2021-2022 evolution (2)	2022 shares
	TND	USD	TND	USD		
STAR	386 271	123 016	368 162	127 763	4.92%	12.13%
COMAR	252 758	80 496	233 346	80 978	8.32%	7.94%
ASTREE	236 035	75 170	218 435	75 804	8.06%	7.41%
GAT	235 044	74 855	202 499	70 273	16.07%	7.38%
MAGHREBIA	226 050	71 990	187 233	64 976	20.73%	7.10%
ASSURANCES BIAT	206 306	65 702	171 427	59 490	20.35%	6.48%
AMI	189 754	60 431	151 860	52 700	24.95%	5.96%
MAE	164 673	52 443	147 530	51 197	11.62%	5.17%
CTAMA	164 009	52 232	144 938	50 298	13.16%	5.15%
BH ASSURANCE	161 650	51 481	144 388	50 107	11.96%	5.08%
LLOYD ASSURANCES	159 272	50 723	142 897	49 590	11.46%	5.00%
CARTE	146 242	46 574	133 090	46 186	9.88%	4.59%
ATTIJARI ASSURANCE	112 231	35 742	132 022	45 816	-14.99%	3.52%
MAGHREBIA VIE	103 333	32 908	91 754	31 841	12.62%	3.24%
CARTE VIE	100 618	32 044	81 250	28 196	23.84%	3.16%
ZITOUNA TAKAFUL	95 778	30 502	80 589	27 967	18.85%	3.01%
ASSURANCES HAYETT	83 063	26 453	66 072	22 929	25.72%	2.61%
GAT VIE	53 898	17 165	43 628	15 140	23.54%	1.69%
EL AMANA TAKAFUL	47 159	15 019	36 925	12 814	27.72%	1.48%
ATTAKAFULIA	38 583	12 288	34 786	12 072	10.92%	1.21%
COTUNACE	13 806	4 397	13 967	4 847	-1.15%	0.43%
LLOYD VIE	8 422	2 682	6 406	2 223	31.47%	0.26%
Total général	3 184 955	1 014 313	2 833 204	983 207	12.42%	100%

(1) 2021 figures updated

(2) Evolution in local currency

Source: Tunisian Federation of Insurance Companies (FTUSA)

Source: Atlas Magazine - October 2023

UGANDA

• *Gov't called to triple agriculture insurance fund as ITC graduates 720*

The government through the Ministry of Finance has been urged to inject more funds to expand agriculture insurance coverage.

This appeal was made on Friday by Alhajj Ibrahim Kaddunabbi Lubega, the Managing Director of the Insurance Regulatory Authority (IRA).

Kaddunabbi called for the increment of the funds going to the Uganda Agriculture Insurance Scheme from Shs 5 billion to about Shs 15 billion. “Currently this scheme is getting only Shs 5 billion which we are thankful for, but we are asking that the government increase this amount threefold,” he said.

“This is because, with the Parish Development Model, we don't think the amount is enough to cover the increasing number of farmers and protect them from crop failure.”

The agriculture scheme which has a consortium of about 13 insurance companies is currently covering about 74,000 farmers as of September this year.

Kaddunabbi was speaking on Friday at the 8th graduation of the Insurance Training College (ITC), where a total of 720 graduates received different awards.

Of these, 499 received the certificate of proficiency, 170 got the certificate in insurance, and 51 were awarded the diploma in insurance.

The graduation also saw for the first time a cohort of students graduating with diplomas in agriculture insurance.

Since 2015, the ITC has churned out over 6000 graduates into the insurance business.

Saul Sseremba, the ITC principal in his remarks, rallied the graduates to put their acquired skills to good use.

“It is one thing graduating and it is another transforming the sector where you work,” he said.

“Therefore, go and be good ambassadors of the ITC. Wherever you go, people should see ITC shining. It is only through professionalism that we can build trust with our clients and expect to come up with innovations that will grow this industry.”

On his part, the Permanent Secretary Ministry of Finance, Mr. Ramadhan Ggoobi also called upon the graduates to “work with integrity, transparency and in the best interest of customers.”

Mr Ggoobi on the other hand, expressed optimism about the insurance industry in Uganda which continues to show signs of growth.

As per the 3rd quarter, in September, he noted that the industry registered Shs 1.22 trillion in gross written premiums, a 13.6% growth compared to last year.

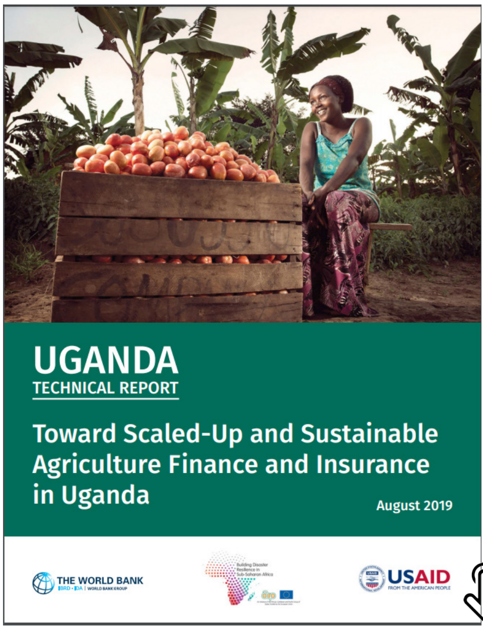
More so, gross claims paid for life and non-life accounted for 39% of the gross written premiums, accounting for 309.5 billion.

“In the past, insurance in Uganda was perceived as a ripoff because of misselling and unprofessionalism by some of the representatives of the insurance companies at the time,” he said.

“But under the IRA, and training at this college, I am glad that we are now seeing some professionalism on display and increasing gross claims paid. This is good progress.” ■

Source: Pulse.Africa - 8 December 2023

Further Reading



Technical Report: Toward Scaled-Up and Sustainable Agriculture Finance and Insurance in Uganda – August 2019

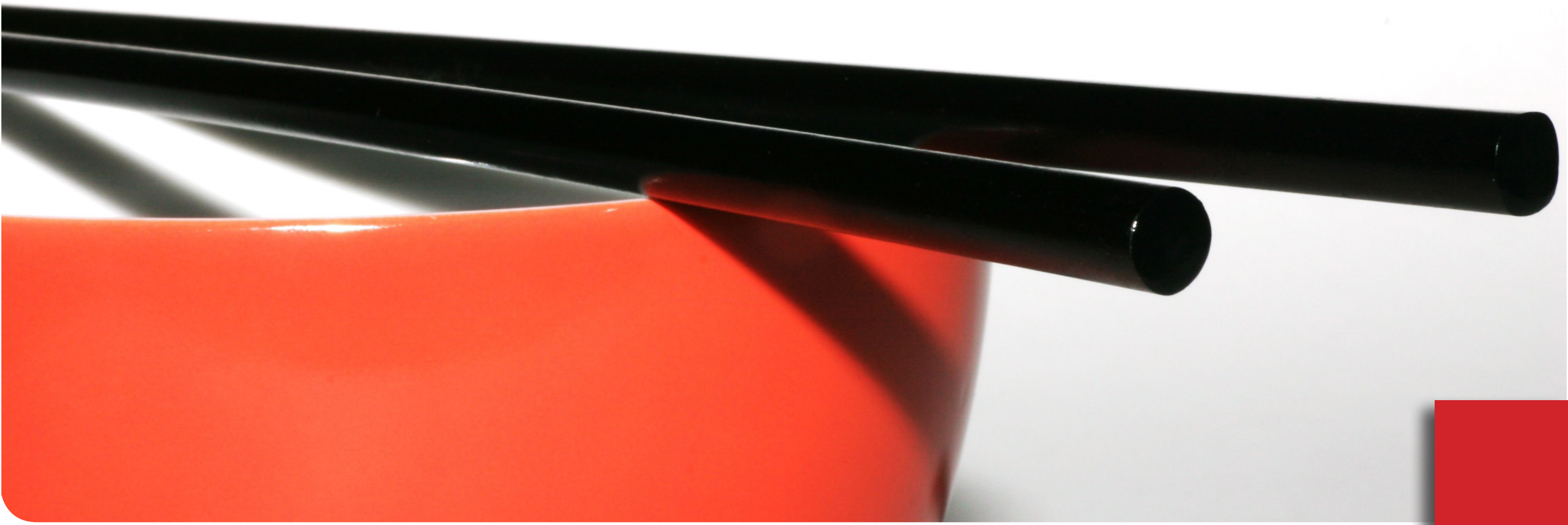
In March 2018, Uganda's Ministry of Finance, Planning and Economic Development (MoFPED)1 formally requested technical assistance from the World Bank Group (WBG) to conduct a technical and diagnostic review of the Uganda Agricultural Insurance Scheme (UAIS) with the objective of providing recommendations to enhance the scalability and sustainability of the scheme going forward. MoFPED asked the WBG (i) to conduct an in-depth review of the UAIS—focusing on the technical soundness of its crop and livestock insurance products and services, the adequacy of its institutional and operational systems and procedures, and the adequacy of its financial performance—in order to identify gaps and to provide recommendations for strengthening scheme design and implementation moving forward; and (ii) to identify potential crop and livestock insurance products that could be introduced under the UAIS and that better align with the Government of Uganda's (GoU's) policy priorities of achieving scalability and financial sustainability for the UAIS. Recognizing the critical role agricultural finance at large plays in the agricultural transformation agenda, it was agreed with the MoFPED that the scope of the analysis be expanded to include a rapid assessment of agriculture finance.

This technical report covers the rapid assessment of agriculture finance and its recommendations, the findings of the situation and gap analysis of the UAIS, and where appropriate, presents the WBG's recommendations for strengthening the scheme; it also includes a proposal for two additional insurance programs, one for crop and one for livestock, targeted at small-scale farmers.

INSURED Uganda country update: Feasibility study on agricultural insurance for oilseed farmers - January 2021

What risks and challenges do small-scale producers of oilseeds in Uganda face, and could agricultural insurance help them manage and mitigate those risks?
A feasibility study carried out for the INSURED programme set out to answer those questions and provide concrete recommendations for the design and delivery of future insurance schemes. This brief sums up the study's findings.
INSURED is a technical assistance programme working to strengthen agricultural insurance in IFAD's portfolio. The programme is generously funded by Sida and implemented by IFAD through the Platform for Agricultural Risk Management (PARM)

Asia News



• *WTW launches APAC Climate Risk Centre*

WTW, a leading global advisory, broking, and solutions company, yesterday announced the launch of an Asia Pacific Climate Risk Centre (ACRC) in Singapore. The Centre reinforces WTW's commitment to helping the region transition to a resilient, low-carbon economy.

Utilising WTW's deep expertise in risk management and risk financing, the Centre will support corporates, financial institutions, insurers and governments in understanding, quantifying and building resilience against climate risks. It focuses on physical and transition climate risk assessment and quantification through top-down and bottom-up methods and proprietary models.

The opening of the Centre highlights that APAC is a key priority for WTW's Climate Practice and a consolidation of decades of investment in climate risk capabilities.

Commenting on the set-up, Mr Lawrence Wong, Deputy Prime Minister and Minister for Finance of Singapore, and chairman of MAS said, "I welcome the launch of the WTW APAC Climate Risk Center in Singapore. This Centre will develop risk advisory, analytics and risk financing solutions to support transition efforts of firms in hard-to-abate industrial sectors key for Asia's growth, such as real estate, transportation and natural resources."

Mr Wong said this at the 2023 Global Insurance Forum at which he delivered the keynote address.

Mr Carl Hess, CEO of WTW said, "The establishment of WTW's ACRC moves us towards the next phase of growth in the region as we build on our extensive experience in climate risk mitigation and management. Singapore is an important hub in the region's drive towards a low-carbon economy, with its policy ambitions in green finance and green insurance. This, coupled with its well-established insurance market infrastructure, makes the country a natural choice for the new Centre."

Mr Simon Weaver, Head of Asia Pacific and Head of Corporate Risk &

Broking, Asia Pacific, added: "APAC is on the frontline of climate change: natural catastrophes are already intense and frequent, whilst economic growth and population development mean the region will account for more than 70% of the expected growth in global energy demand over the coming years. Climate risk quantification and management, delivered through WTW's ACRC, is another step forward in delivering on our commitment to offer clients a smarter way to quantify, mitigate and transfer risk."

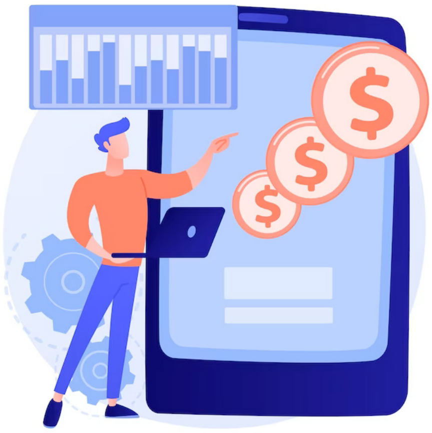
Over the next three years, the Centre will be staffed with a dedicated team of 15 climate specialists to support clients in the Asia Pacific region. ■

Source: Asia Insurance Review - 8 Nov 2023

• *Tariffs can limit insurers' ability to adjust prices, reinsurance rates 'muted': Gallagher Re*

Inflationary pressures vary across the region, leaving most markets to face escalating reinsurance costs and stricter coverage term.

The impact of rising inflation on Asian insurers is a complex and nuanced issue that varies across different lines of insurance business and



regional dynamics. While headline inflation, typically measured by the Consumer Price Index (CPI), may be decreasing, it may not be the most accurate metric for assessing the impact of inflation on insurance, Gallagher Re reported.

The choice of the appropriate inflation index depends on the underlying cost drivers for specific lines of business.

For example, wage, medical, and social inflation may have varying impacts on different insurance lines, such as Property and Liability, Medical and Health Liability, and Casualty claims.

Inflation indices are nuanced across the Asia-Pacific (APAC) region, and cultural and societal factors play a role. For instance, jury awards and legal cost inflation are less problematic in Asia compared to the United States.

Price regulations or tariffs can limit insurers' ability to adjust prices for specific lines or markets. Keen competition between carriers, especially in retail markets, can make it challenging to adjust pricing in line with inflation.

Commercial lines of insurance have seen more favourable rate adjustments, while short-tail retail lines have had more reactionary pricing. Mitigants such as indexation and total-sum insured (TSI) coverage adjustments have reduced the need for explicit pricing adjustments.

Property insurance is particularly vulnerable to inflation, especially when considering Natural Catastrophe (Nat Cat) damage. Costs of construction materials and labour, linked to indices like the Producer Price Index (PPI), affect loss costs, especially in regions prone to Nat Cat events.

Rising interest rates, driven by central banks combatting inflation, have boosted investment income for insurers. However, currency depreciation and market movements can impact capital volatility.

Insurers in the APAC region have faced escalating reinsurance costs and stricter coverage terms, especially in areas impacted by Nat Cat losses. Rising reinsurance rates, diminished capacity, and restrictive terms have been challenges.
Strategies to navigate these challenges include comprehensive risk management, stress testing against inflation scenarios, adjusting policy design, and exploring both traditional and alternative risk transfer solutions. Insurers have adopted structured reinsurance, multi-year arrangements, and retrospective solutions to manage inflation uncertainty. Indexed property policies and inflation-linked bonds are also options to address the impacts of inflation risk. ■

Source: Insurance Asia – 13 Oct 2023

- ***Hiscox to offload insurance business in Singapore, Thailand to Ignite***

Hiscox has signed an agreement to divest DirectAsia, its insurance business in Singapore and Thailand, to Ignite Thailand Holdings.

The companies did not disclose the financial and other terms of the deal. Established in Singapore in 2010, DirectAsia mainly focuses on delivering motor insurance.

Subsequently, the unit was launched in Thailand in 2013.

The unit functions through various distribution channels and leverages key rating approaches.

DirectAsia reported gross written premiums of $52.5m (S$72m) in 2022.

In a stock exchange filing, Hiscox noted that the business disposal is part of its strategy to focus on core markets and its ongoing plan to manage its existing portfolio.

Hiscox considers these markets as the best prospects for raising value for its shareholders. The divestment plan was revealed after the company conducted a strategic review of the insurance business in Thailand and Singapore.

Subject to necessary conditions and regulatory approvals, the deal is expected to conclude by the end of this year. Hiscox's operations are spread across 14 countries globally.

The insurer delivers various specialist insurance offerings in commercial and personal lines through its retail businesses in regions including the US, UK, Asia and Europe.

In April 2023, Hiscox's reinsurance and insurance-linked securities arm Hiscox Re & ILS named Minesh Shah as its new director of underwriting risk.

Ignite is the parent company of the Roojai group of companies, which invests in start-ups in the financial services sector. ■

Source: MarketLine NewsWire - 28 September 2023

• *ASEAN Insurance Pulse 2023: An annual market survey*

Kuala Lumpur, 5 December 2023 – This year's ASEAN Insurance Pulse, published by Malaysian Re at the occasion of the 5th ASEAN Insurance Summit in Ha Long, Vietnam, analyses the impact of inflation on the region's insurers. The surge in inflation coined much of 2022, resulting in a tightening of monetary policy – and in turn – capital market volatility and a depreciation of currencies in some emerging markets. For insurers, inflation caused challenges on the underwriting and on the investment side, in operations and also contributed to a tightening of reinsurance capacity. However, the ASEAN insurers proved their resilience in having prepared for inflation – although the increase in claims ratios, underinsurance and some consumers struggling with a rise in insurance prices remain a concern.

Inflation did not affect all ASEAN insurers equally across the ASEAN markets. It varied broadly with Vietnam and Thailand at the lower end with rates of 3.2% and 6.1% respectively and Laos and Myanmar at the upper end with 23% and 16.2%, all for 2022 according to the IMF. Insurers were also affected differently according to their business model. Those with a high share of personal lines were likely to be more impacted than those focused on commercial lines or in reinsurance. In addition, the years 2022 – 2023 were characterised by a poly-crisis – multiple crises such as inflation, geo-political tensions, supply-chain disruptions, and high energy price fluctuations – all happening at the same time. It is thus not obvious to discern the impact of inflation from other factors which were important to the region´s insurers as well and sometimes overcast the effects from inflation.

Impact of inflation perceived differently

"We had anticipated the impact of inflation on claims on our books in 2022. The large losses from the Eastern Australian floods in 2021 had served as an eye-opener for the impact of inflation on claims payments, as we could see its effects on the cost for replacement materials as well as triggering a shortage in construction workers and thus causing further costs" said Ahmad Noor Azhari Abdul Manaf, President & Chief Executive Officer of Malaysian Re.

Thus, inflation did not catch the region´s insurers off guard. It had already started to rebound before the end of the pandemic and in some ASEAN markets, had been part of their reality for quite some time. In addition, insurers had risk management measures in place to stress-test the impact of inflation on their book and reserves. However, a major concern was with policyholders, namely consumers, who often underestimate the risk of underinsurance.

Personal lines most affected

Motor, property and medical insurance were the lines most affected. According to some ASEAN insurers, prices for motor spare parts rose due to a combination of inflation and higher import costs by as much as 30% to 40% in some markets. Similarly, construction costs were up by 20% to 30%. In medical insurance, insurers saw a continuation of the double-digit inflation that markets had already witnessed for some time. Reserves, however, were not seen as a major concern. The lines most impacted were mainly short-term liabilities, while long-tail risks were less affected. In addition, insurers had prepared for inflationary pressure, slightly adjusted reserves where needed, and tested its adequacy on a regular basis.

Measures of insurers

Insurers reacted with a mix of measures to combat the impact of inflation on their underwriting portfolio. Price increases were the most frequently mentioned feature, affecting foremost motor and property – unless tariffed. Tight market conditions were reflected in a hardening of terms and conditions – partly due to the developments in reinsurance too. Insurers demanded that clients disclose how they manage their risk and asked for an updated valuation of assets to prevent underinsurance and adjust sums-insured. Furthermore, insurers pruned their portfolio and reallocated capacity, often shifting from severity to frequency risks to reduce the amount of reinsurance cover needed. The quality of the account was a dominant theme with insurers systematically screening their portfolio, increasing deductibles to force clients to better understand their own risks. Ultimately, many shed risks that they felt were not meeting their requirements.

INDIA

• *Reinsurance Regulations of India: Changes In 2023*

by Celia Jenkins , Anuj Bahukhandi and Priti Singh (Tuli & Co)

Introduction

As a part of the IRDAI's continued efforts to enhance reinsurance business and in order to streamline the regulatory provisions for Indian Insurers, including Foreign Reinsurance Branches (FRBs) and International Financial Service Centre Insurance Offices (IIOs), the regulator notified the IRDAI (Re-insurance) (Amendment) Regulations 2023 (Amendment Regulations) on 23 August 2023.

The Amendment Regulations were issued following feedback received from various stakeholders on the exposure drafts of 21 October 2022 (October Draft) and 25 November 2022 (November Draft). For reference, our articles discussing the key changes proposed under the October Draft and the November Draft can be accessed here and here.

The Amendment Regulations bring changes to the following regulations:

(i) The IRDAI (Re-insurance) Regulations 2018 (Reinsurance Regulations);
(ii) The IRDAI (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd's) Regulations 2015 (FRB Regulations); and
(iii) The IRDAI (Lloyd's India) Regulations 2016 (Lloyd's India Regulations).

The Amendment Regulations incorporate a few of the changes proposed in earlier exposure drafts, and also introduce new requirements in relation to the Order of Preference, Cross Border Reinsurers (CBRs), regulatory filings and maintenance of records for Indian Insurers, which are discussed below.

Key Changes

<u>A brief summary of the key changes introduced by way of the Amendment Regulations is set out below:</u>

1. The Reinsurance Regulations continue to apply to Insurers and exempted Insurers as defined under §2(9) and §118(c) of the Insurance Act 1938 respectively, with the exception of IIOs. In this regard, please note that the IIOs are regulated by the International Financial Services Centre Authority, and you can find more information in our article here.

2. Similar to the November Draft, the Amendment Regulations now require every Indian Reinsurer (including FRBs) to maintain a minimum retention of 50% within India (of the Indian reinsurance business underwritten). They also stipulate that any retrocession to an IIO, up to 20%, counts towards this minimum retention requirement.

3. The Amendment Regulations define a new and simplified Order of Preference4, which Cedants are mandatorily required to follow for all reinsurance placements. Previously spanning six levels, this has been streamlined to four levels:

a. Category 1: Indian Reinsurer (at present, only GIC Re);
b. Category 2: IIOs (which invest 100% of retained premiums, emanating from Indian Insurers, within the Domestic Tariff Area) and FRBs;
c. Category 3: Other IIOs
d. Category 4: Other Indian Insurers (only in respect of per-risk facultative placements in the insurance segment for which the Insurer is registered to transact business) and CBRs.

4. No change is made to the existing

restriction on Indian Insurers, which are not registered with the Authority exclusively to transact re-insurance business, being offered any re-insurance participation, except for facultative reinsurance. Such Indian Insurers are also not permitted to lead any reinsurance protection.

5. Further, a Cedant may not seek terms from or offer for participation to a reinsurer (ie, an Indian reinsurer or an FRB) or an IIO, which is "a group/associate company of other Indian Insurer".

6. In relation to CBRs, the Amendment Regulations introduce the following changes:

a. Reinsurance placements with "any International Pool or Risk sharing arrangement having CBRs as members, participants or administrators" now require prior approval of the IRDAI.

b. The IRDAI may additionally review "the business underwritten, claims experience and lines of support given by a CBR" and may stipulate conditions on a case-by-case basis.

7. Compliance and reporting requirements have been simplified. In this regard, the Amendment Regulations introduce certain relaxations in terms of the manner/format of the regulatory filings as well as the records to be maintained by Indian Insurers:

a. Similar to the earlier drafts, the Amendment Regulations dispense with the requirement of a Board approval for their annual reinsurance programme (for the forthcoming year) and filing their retention policy with the IRDAI. Indian Insurers are now required to submit a summary version of their "proposed" reinsurance programme for the forthcoming financial year to the IRDAI, in the prescribed format. This to be done at least 45 days before the financial year begins.

b. As proposed by the November Draft, the Amendment Regulations extend the period of filing the final re-insurance programme (which still requires a Board approval) with the IRDAI as well as segment wise details of the reinsurance placements made in the previous year to "within 45 days" after the financial year begins, instead of the previous 30 days. In addition, the Amendment Regulations now require every Indian Insurer to also, inter alia, highlight any improvements made in net retention per insurance segment.

c. The Amendment Regulations dispense with the requirement of submitting soft copies of "each and every re-insurance contract" to the IRDAI. Instead, every Indian Insurer is now required to submit a certificate from its CEO confirming "that all Treaties associated with the Re-insurance Programme for the financial year have been received in original, duly stamped and signed (or digitally signed), from all parties to the treaty".

d. The requirement to maintain "hard copies", of the various re-insurance related documentation specified in R5 of the Reinsurance Regulations, has been dispensed with.

8. The Amendment Regulations insert R12(2)(C) and R12(2)(D) in the Reinsurance Regulations which provides that the IRDAI may issue guidelines on "exposure limits of a CBR, with all Cedants taken together" and "framework for domestic and international Insurance Pools" in the future.

9. The Amendment Regulations also amend the FRB Regulations and the Lloyd's India Regulations:

a. As discussed above, the Amendment Regulations provide that any retrocession to an IIO up to 20% by an FRB or a Lloyd's India branch will be counted towards their respective minimum retention requirement.

b. In addition, the Amendment Regulations has lowered the minimum capital requirement for opening a new FRB to Rs.50 crores (c. US$6 million)10, with a provision to repatriate any excess assigned capital.
c. The minimum annual fee payable by FRBs and Lloyd's India branches has been raised to Rs.10 lakhs (c.US$12,000)11 from the erstwhile5 lakhs(c. US$6000).

Concluding Remarks

The Amendment Regulations introduce significant changes to the reinsurance framework in India, with the aim of promoting a favourable business environment for existing market players as well as encouraging more reinsurers to set up businesses in India. In addition, the streamlining of the Order of Preference aligns with the Indian government's goal of attracting more investments in the GIFT City.

The Amendment Regulations come into force from the date of their publication in the official gazette (ie, 23 August 2023).

Source: Mondaq - 27 October 2023

INDONESIA

- ***Insurance sector to take on carbon exchange opportunities in Indonesia: Report***

Carbon exchange presents an opportunity for the financial industry, particularly the general insurance sector.

By Alena Koval from Pexels

Last 26 September, Indonesia officially launched its carbon exchange, a development that has garnered support from various sectors, including the insurance industry, reported CNBC Indonesia.

Other countries have demonstrated that the insurance sector can play a crucial role in safeguarding participants in carbon exchanges against climate-related risks and other factors affecting carbon credits.

Bern Dwyanto, the Executive Director of AAUI, noted that the establishment of the carbon exchange presents an opportunity for the financial industry, particularly the general insurance sector.

He explained that general insurance fundamentally assists other businesses in managing and mitigating risks.

Bern emphasised the close connection between industrial development and the performance of the general insurance industry.

This relationship arises because the insurance industry supports the growth of various sectors, including carbon trading. However, he also stressed the importance of conducting in-depth studies and research to determine the most effective schemes for supporting carbon trading.

This involvement of the insurance industry in carbon trading has been observed in several countries.

For instance, AXA XL, an English insurance company, recently introduced a new product called Excess Emissions Insurance.

This product offers compensation for carbon offsets on cargo ships in case of unexpected extended journeys resulting in additional emissions. The policy provides compensation in the form of voluntary carbon credits equivalent to the excess emissions produced.

Furthermore, the global insurance company Howden Group has developed the first insurance product that protects against fraud and negligence in voluntary carbon market credits.

In collaboration with carbon financing company Respira International and reinsurance investor Nephila Capital in 2022, Howden introduced this protection against third-party negligence and fraud, reducing the potential risk associated with purchasing carbon credits.

This initiative addresses past issues in the voluntary carbon market, such as scams and misrepresentation of carbon credits, which occurred in the 2000s, leading to the sale of credits at unjustifiably high prices.

Source: Insurance Asia – 6 Oct 2023

• *Indonesia regulator pushes for mandated public insurance scheme*

The Financial Services Authority (OJK) in Indonesia is promoting the introduction of mandated insurance policies for the public.

Ogi Prastomiyono, the chief executive of insurance, financing institutions, and pension fund supervisor, has stated that this initiative aims to ensure that mandated insurance is in place, particularly for large gatherings that involve a significant number of people, such as football matches.

“There is no insurance for such instances since it’s not mandated. As we can see from Kanjuruhan’s case, there was no insurance after the investigation,” he said in a Tempo report. “With a mandated insurance policy, the tickets could allot Rp50,000 for insurance.”

This approach is not limited to public gatherings as OJK intends to encourage similar mandates in other sectors, particularly in transportation. Currently, insurance coverage for passengers is facilitated by Jasa Raharja, but the move towards mandated insurance for vehicle coverage is on the horizon.

Should this initiative be implemented, insurance companies will likely introduce new products or collaborate with other firms to provide the necessary coverage. Prastomiyono said that this approach will boost insurance penetration, offering protection to citizens while also safeguarding companies from potential damages or future risks.

25 October 2023

Insurance BUSINESS

OMAN

• *CMA announces implementation of IFRS 17 Insurance Contracts*

The Capital Market Authority (CMA) has issued a statement on the adoption of IFRS 17 Insurance Contracts.

The CMA is informing investors and the public that starting from the current year 2023, the conventional re/insurance companies in the Sultanate of Oman have commenced the adoption of the IFRS 17 Insurance Contracts which was issued by the International Accounting Standards Board as a replacement of IFRS 4.

"The new standard identifies specific accounting approaches rather than the previous standard. This could impact the insurance company's financial statements to various degrees based on the insurance contract's nature.

"It is worth noting that the IFRS 17 will eventually elevate the disclosure quality and thus enhance transparency on the insurance contract related risks. Additionally, it enables comparison of the financial statements among insurance companies for either locally and globally, which provides an in depth detail to the public, investors and stakeholders.

Source: TAS News Service - 8 October 2023

• *Oman introduces new bancassurance regulations*

Oman's Capital Market Authority (CMA) has approved new regulations, which will require banks to comply with specific insurance marketing rules.

The regulations are aimed at tackling unhealthy practices involved in the marketing of these products through banks and to reduce disputes between insurance policy holders related to the banking sector and companies during insurance claims.

<u>Under the regulations...</u>

- Insurance companies cannot market any insurance products through banks without the approval of the Authority (CMA).
- More than one company cannot market the same insurance product with the same bank, or for the same branch of the bank.
- Insurance companies have to retain at least 40% of the net premiums for insurance products marketed through banks, excluding life insurance products.
- Insurance companies have to retain at least 25% of property insurance and insurance products related to SMEs.
- The Authority has the right to supervise and control the processes of selling and marketing products through provisions such as internal auditing that will notify it of any violations and set controls to ensure executives employed for marketing insurance products via banks comply with anti-money laundering and terrorist financing requirements.

Source: LexisNexis – 15 Oct 2023

SAUDI ARABIA

• *Saudi Insurance Authority officially begins operations*

The newly-formed Insurance Authority has begun carrying out its duties, adhering to its role of exercising the powers and responsibilities related to the insurance sector, including those in the cooperative health insurance system.

IA was established by a cabinet decision on 28 Muharram, 1445 Hijri (that is, 15 August 2023). The existing insurance regulations will remain in force until new legislation is issued by the IA.

https://ia.gov.sa/en/index.html

• *Saudi Arabia unveils plan for national state-funded health insurance by 2026*

Saudi Arabia's Health Minister Fahad Al-Jalajel revealed on Sunday the nation's plans to roll out comprehensive state-funded insurance coverage for all citizens by 2026.

Al-Jalajel outlined the key features of the National Insurance program, emphasizing its unique aspects, such as being state-funded with no need for annual renewal, ensuring coverage for a lifetime.

Notably, the National Insurance will not have a specific ceiling and will eliminate the requirement for prior approvals, streamlining the process for beneficiaries.

Addressing a global audience at the Health Forum held in Riyadh, the minister projected a five-fold growth in private health insurance in the coming years.

This surge is expected to be driven by factors such as population growth, holders of premium residency, and an increasing number of tourists.

The transformation in the health sector, according to Al-Jalajel, aims to accommodate a larger population while affording the private sector greater space and empowerment.

He anticipates the private sector's share in providing health services to grow from 20% to 50%.

Furthermore, the minister unveiled lucrative investment opportunities in the health sector, estimating a total of SR330 billion until 2030.

From 2024, all health clusters will transfer from the Health Ministry to the Health Holding Company, indicating a significant restructuring in the sector.

"We are in the ideal place for investing in health," declared Al-Jalajel, encouraging stakeholders to seize the promising opportunities within the health sector.

He predicted a substantial increase in the health sector's contribution to the GDP, reaching SR318 billion in 2030, with the private sector contributing SR145 billion.

Al-Jalajel stressed the pivotal role of integration and partnership with the private sector in the upcoming stages of healthcare development.

He highlighted that the average coverage rate of health services in the regions has increased to approximately 94%.

In addition to addressing healthcare advancements, the minister touched on road safety, revealing a notable decrease in the rate of road accidents from 28 people per 100,000 population in 2016 to 14 people per 100,000 population today.

He also highlighted progress in reducing premature deaths due to chronic diseases, with the rate dropping from 600 per 100,000 population to close to 500.

During the forum, Al-Jalajel announced the launch of the Saudi Center for Proton Therapy, the first of its kind in the region.
This center, expected to receive its first patient by the end of 2023 at King Fahad Medical City in the second cluster, not only aims to provide advanced care but also to significantly boost medical tourism in Saudi Arabia.

Source: Saudi Gazette - 29 Oct 2023

SINGAPORE

• MSIG revamps EV coverage as adoption ramps up in Singapore

Green vehicle ownership rose by over 200%

By Kenneth Araullo

With the rising trend of ownership of electric vehicles (EVs) in Singapore, MSIG has taken strides to enhance its personal motor insurance scheme, fortifying the protection for green vehicles navigating the city's roads.

EVs in Singapore have witnessed a robust upsurge, primarily bolstered by governmental initiatives fostering the expansion of the EV ecosystem. According to data released by the Land Transport Authority, the count of electric vehicles has soared by over 200%, rising from 3,634 units in 2021 to a substantial 11,290 units recorded as of August 2023. Furthermore, since July 2023, monthly EV sales have consistently represented over 20% of total new car registrations.

MSIG's MotorMax Plus plan, tailored for EV owners, presents a range of benefits, including:

- Transport allowance for up to 30 days if the electric vehicle is under repair following an accident
- New-for-old replacement for a damaged electric vehicle that is less than 12 months old
- Medical coverage safeguarding policyholders and passengers injured due to electric vehicle battery leakage
- Emergency towing services tailored specifically for electric vehicles

"The greening of transportation requires collective efforts and, as a leading motor insurer, MSIG is committed to doing its part to reduce carbon emissions. To support the growing need for EV insurance, we have enhanced our private motor insurance plan with more benefits to cover electric vehicles. The new benefits come at no extra cost to encourage more consumers to embrace EVs," MSIG Singapore SVP of technical services Jeremy Lian said.

Source: Insurance Business Magazine - 2 Nov 2023

TURKIYE

• *Insurance Legislation on Nuclear Risks Is Developing*

by Pelin Baysal and Ilgaz Önder (Baysal & Demir)

Turkey's goal of nuclear-based energy production, which has been expressed since the 1970s, has become concrete in recent years and has started to yield results. The Akkuyu Nuclear Power Plant (**Akkuyu NGS**), established through cooperation agreements with the Russian Federation, officially gained nuclear power plant status on 27.04.2023; and the first production is expected to commence in 2024. Two more nuclear power plants are currently in the planning stage.

Meanwhile, the legal framework for the sector is slowly taking shape. In this context, two regulations, the Regulation on Liability Insurance and Security for Nuclear Risks ("**Nuclear Insurance Regulation**") and the Regulation on the Operating Procedures and Principles of the Nuclear Insurance Pool ("**Nuclear Insurance Pool Regulation**") entered into force simultaneously on 19.10.2023.

These regulations are an extension of the significant legislation amendments at the local level, especially since 04.02.2022 when the latest amendments to the 1960 Convention on Third Party Liability in the Field of Nuclear Energy ("**Paris Convention**") to which Turkey is a party, entered into force. These regulations serve not only to regulate nuclear liability at the local level, but also to ensure the cooperation required by coinsurance and reinsurance relations at the international level as intended by the Paris Convention.[1]

Background

The obligation for operators of nuclear power plants to have and maintain insurance is not new. Even in the version of the Paris Convention that was in effect until 2022, the operators of nuclear installations that took place in the signatory countries were required to have liability insurance to cover the legal responsibilities imposed on them by the Convention (Article 10).

However, since there was no nuclear power plant in Turkey that fell within the scope of this Convention at the time, Law No. 5710 on Nuclear Power Plants[2] explicitly mentioned insurance as an obligation only for the compensation of damages that might occur during the construction of the power plant. The Insurance Law, on the other hand, only provided for the establishment of a legal entity, the Special Risks Management Center, to provide coverage for nuclear risks, establish an insurance pool and carry out cooperation and supervision mechanisms. In any case, given that, according to the territoriality rule under Article 15 of the Insurance Law, insurance related to nuclear risks cannot be obtained from foreign markets, comprehensive legislative work in this field was becoming increasingly inevitable.

The amendments to the Paris Convention that entered into force on 04.02.2022 made this legislative work even more meaningful and necessary. These amendments not only redefined and expanded terms such as nuclear installations and nuclear damage but also determined the liability regime of nuclear installation operators and the lower and upper limits of liability.

Underlying Legislation

With the long-awaited amendments

to the Paris Convention coming into force, the Nuclear Regulation Law was first enacted and entered into force on 05.03.2022. This law, which also significantly amended the Law on Nuclear Power Plants, aims to regulate the relevant sectors at once and in line with international legislation.

This law, which also explicitly refers to the Paris Convention, has subjected the legal liability of the operator to a special regulation. Accordingly, the operator shall be held exclusively responsible for nuclear damages caused to third parties, up to a certain maximum limit, within the framework of the principle of strict liability (liability without fault). .

The same law also regulates the obligation of the nuclear installation operator to have liability insurance for the first time at the local level. In this context, it is stated that the insurance in question can be obtained not only from the domestic market but also from the international market[3], and it is aimed to distribute the risk in the insurance market when necessary, by establishing a separate insurance pool for this risk (Art. 14 and Art. 15).

The determination of the principles and procedures regarding the implementation of these provisions is left to the joint work of the Nuclear Regulatory Authority ("**NDK**") and the Insurance and Private Pension Regulation and Supervisory Agency ("**SEDDK**").

Implications of the Regulations

NDK and SEDDK completed their work as stipulated by the law within a year and put into force two regulations on the insurance aspect of nuclear activities on 19.10.2023.

<u>I. Nuclear Insurance Regulation</u>

The Nuclear Insurance Regulation, as expected, details the Nuclear Regulation Law and while doing so, remains in line with the recent amendments to the Paris Convention. The Regulation essentially regulates that:

- the obligation to have insurance is applied to the nuclear installation operator's main activities as well as activities such as transportation and storage (Article 4)
- Insurance coverage will cover not only direct loss of life and property, but also indirect material damage, costs incurred to mitigate and prevent damage, and the cost of measures taken to restore the environment (Article 5)
- Regarding the issues that are not included in the scope of insurance coverage, for example, damages to another nuclear facility, nuclear damages that are the direct result of external factors such as an armed conflict or civil war are not covered by insurance coverage. (Article 6)[4]
- Default interest and costs that the court will rule against the operator will not be covered by the insurance and the operator will be held responsible for them separately.

<u>II. Nuclear Insurance Pool Regulation</u>

The Special Risks Management Center ("**Center**"), established by the Insurance Law in 2021, was one of the first concrete steps in the efforts to provide insurance for nuclear risks. The operating procedures and principles of the Center were determined by the SEDDK regulation dated 27.10.2021.[5] Accordingly, the Center operates as a legal entity with the authority to provide insurance coverage as if it were an insurance company. The Center can even provide reinsurance coverage for risks related to natural disasters and agricultural activities. The Center manages these local risks by transferring them to a pool constituted by local insurance companies or by obtaining reinsurance protection from domestic or foreign insurers. However, to date, the insurance pools managed by the Center have been limited to credit insurance, personal accident insurance for mine workers, liability insurance for medical malpractice, and insurance for civilian sea and air flights affected by the Russia-Ukraine crisis in order to respond to the current needs of the real sector.

With the Nuclear Regulation Law and the aforementioned regulation, the Center has been assigned for a new task, which is to provide protection to the operators of nuclear installations from local or international markets upon their request. In this context:

- The operator's coverage need will be met primarily by a pool to be established by the Center specifically for this risk
- For the risks assumed under this pool, a further coverage will be obtained from national and international insurance, reinsurance and capital markets and other nuclear insurance pools.

Without waiting for this regulation to enter into force, the Center already started providing insurance coverage for Akkuyu NGS in April 2023 based on the Nuclear Regulation Law.6

Pursuant to the Regulation, within the scope of risk management, the Center will closely observe the activities of the covered operator during the insurance period, act in close cooperation with the NDK, take action in cases where the risk increases due to the operator's activities or license status, and suspend or terminate the insurance contract if the conditions are met.

In addition to risk management, the Center is also responsible for damage notification and compensation processes. Accordingly, third parties can apply directly to the Center instead of the operator as in other conventional liability insurances. Upon this application, the Center will be able to determine whether the risk is covered and the extent of the damage. While determining these, it will also be in consultation with the relevant institutions and, if necessary, the relevant departments of universities that have had the necessary training.

In case of a dispute, Ankara courts shall have exclusive jurisdiction pursuant to Article 20 of the Nuclear Regulation Law.

Conclusion

These regulations and their implications are undoubtedly an important assurance for third parties threatened by nuclear power plants.

The fact that these regulations and the underlying codifications explicitly and implicitly refer to the Paris Convention, which is already a part of our domestic law, contributes to the harmonization of legislation by consolidating the laws and regulations, thereby achieving the goal of uniformity in the legal framework.

The Nuclear Insurance Pool Regulation is a bi-product, not direct outcome of the Convention and therefore it has rather practical function. The nuclear insurance pool shaped by this regulation may serve to eliminate the problems that may be faced in the international insurance and reinsurance market due to the Russian capital structure of the Akkuyu Nuclear Power Plant.

Source: Mondaq - 03 November 2023

Footnotes

1. Revised rationale of the Paris Convention "Moreover, the potential magnitude of a nuclear incident will often require international cooperation between national insurance companies. To a large extent, pooling the resources of the international insurance market is necessary to ensure that adequate financial security through coinsurance and reinsurance is offered to cover potential claims. In order to ensure this cooperation, third-party liability regulations at the international level need to be established in accordance with each other."

2. Law on the Establishment and Operation of Nuclear Power Plants and Sale of Energy, Official Gazette 21.11.2017/26707

3. With its circular dated 27.03.2023 and numbered 2023/13, the SEDDK confirmed that these insurances can be taken out abroad and that this insurance constitutes an exception to the principle of territoriality under Article 15 of the Insurance Law

4. These matters, which are not covered by the coverage, are already cases where the operator cannot be held liable according to the Paris Convention.

5. Official Gazette 27.10.2021/31641

6. https://sigortagazetesi.com/orymden-akkuyu-ngsye-sigorta-teminati/

TURKIYE

- ***Turkiye Market Overview: Full Year 2022 & First Half 2023***

XPRIMM Insurance Profile

TURKISH INSURANCE MARKET IN 2022

TURKISH INSURANCE MARKET IN 1H2023

NEPAL

- ## *Nepal Insurance Industry at a Glance*

	Indicators	F.Y. 2020/021	F.Y. 2021/022	Growth %
Gross Premium Collection	Life Insurance	Rs. 120.95 billion	Rs. 138.64 billion	14.63
	Non-Life Insurance	Rs. 31.70 billion	Rs. 39.17 billion	23.56
	Total	Rs. 152.65 billion	Rs. 177.81 billion	16.48
Paid Up Capital	Life Insurance	Rs. 38.91 billion	Rs. 43.89 billion	12.81
	Non-Life Insurance	Rs. 19.84 billion	Rs. 22.80 billion	14.92
Percentage of Population Covered by Life Insurance	Excluding FE* Policies	25.23%	38.26%	
	Including FE* Policies	27.53%	41.20%	
Insurance Penetration (Percentage of Gross Premium to GDP)	Life Insurance	2.83%	2.86%	
	Non-Life Insurance	0.74%	0.81%	
	Total	3.57%	3.67%	
Insurance Density	Life Insurance	Rs. 4,052.41 Per Capita	Rs. 4573.71 Per Capita	
	Non-Life Insurance	Rs. 1,062.10 Per Capita	Rs. 1292.21 Per Capita	
	Total	Rs. 5,114.51 Per Capita	Rs. 5865.91 Per Capita	
Life Insurance Claim	Nos. of Gross Claim Paid	136,464	331,635	143.02
	Amt. of Gross Claim Paid	Rs. 33.00 billion	Rs. 44.60 billion	35.15
Non-Life Insurance Claim	Nos. of Gross Claim Paid	146,931	141,186	-3.91
	Amt. of Gross Claim Paid	Rs. 17.39 billion	Rs. 18.82 billion	8.25
Direct Employment		10,882 Persons	12,031 Persons	10.56
Insurance Agents		250,000	296,403	18.26
Surveyors		400 Persons	1,240 Persons	210

*Foreign Employment

Note: The values of indicators are calculated after collecting data from all insurers as on mid-July, F/Y 2021/22.

Nepal Insurance Authority

NEPAL

• NIA to take insurers breaching the rule of capital increment to 'force merger'

The Nepal Insurance Authority (NIA) has stepped up efforts for forced merger of those insurance companies which neglected the regulator's directive to raise their capital bases.

According to the NIA, a number of insurers have failed to increase their capital within the given deadline. The regulator had made it mandatory for the Nepali insurance companies to increase their capital by mid April 2023.

"Although NIA extended the deadline by additional three months, to be effective till mid-July, many insurers have not forwarded their plans for the capital growth," said Raju Raman Paudel, spokesperson of the NIA.

In April 2022, the NIA had directed the insurers to either increase their capital base or go into a merger if they fail to do so. Giving a deadline of 30 days, the regulator had asked the insurers to submit plans of increasing their paid-up capital within the stipulated time period.

The authority has made it mandatory for life insurers to increase their paid-up capital to Rs 5 billion from Rs 2 billion. Similarly, non-life insurers have been asked to raise their capital to Rs 2.50 billion from Rs 1 billion.

According to the NIA source, Prabhu Insurance Company and Nepal Insurance Company are likely to face an action of the authority after these insurers have not forwarded any plans so far in the line of the regulator's directive. These insurers have been given a deadline till Monday. "If they still show apathy, we will bar these companies from carrying out their businesses," Paudel said.

Earlier, Prabhu Insurance had started a merger process with Ajod Insurance, which however could not be taken to a conclusion. Prabhu Insurance has a paid-up capital of Rs 1.376 billion. Although the insurer forwarded its plan to bring the foreign investors by July end, no progress is seen in the pipeline, according to the NIA.

Similarly, the paid-up capital of Nepal Insurance is Rs 1.439 billion. The insurer had sought to meet the capital requirement by selling its fixed assets, which however, could not materialize till date.

On the other hand, some insurers which have capital lower than the regulator's prescribed threshold even after merger, will be given an extension period to increase their capital through issuance of right shares. According to the NIA, these companies will be able to meet the threshold if they issue up to 30 percent right shares to their shareholders.

After the NIA took the policy of capital increment for the insurers, a total of 11 insurance companies merged with similar entities. With the unification, the number of non-life insurance companies has declined to 14 from 20, while that of life insurance has come down to 14 from 19.

My Republica - 31 July 2023

• *Insurers ready to defy new reinsurance directives*

The Nepal Insurers' Association (NIA) has asked domestic reinsurers to restore the previous year's reinsurance commission rates, failing which it would stop providing them business under mandatory direct cession.

The two domestic reinsurers Nepal Reinsurance Company and Himalayan Reinsurance have offered new reinsurance contracts for the current financial year, which slash the reinsurance commission by up to 14%.

The NIA has told the reinsurers either to renew the reinsurance contract for direct cession as per the expired contract or to lose the business under the direct cession. The proposed commission rate offered by both of the domestic reinsurers has been slashed by 2% to 14%.

In a press release the NIA stated that since there are no changes in the level of risk under the risk shared through direct cession, it's quite illogical to reduce the commission rate unilaterally.

NIA has also warned that failure to respond to their request will be deemed as a rejection of the direct cession. If the reinsurers are not ready to continue the commission rate of last financial year, the general insurers will make separate arrangements for risk shared under direct cession.

The new reinsurance directives for the insurers issued by the regulator in May 2023 have made it mandatory for general insurers to share a minimum of 10% of their reinsurance business with each of the two domestic reinsurers.

Asia Insurance Review - 03 Aug 2023

UAE

• *New insurance law takes effect*

The UAE has issued a new insurance law that was published in the Official Gazette on 31 October 2023 and entered into force on 30 November 2023.

Its primary purpose would appear to be the codification of the transfer of insurance regulation from the Insurance Authority to the UAE Central Bank, according to a commentary by lawyers at global legal firm Holman Fenwick Willan (HFW).

Dubbed Federal Law No. 48 of 2023, the new law repeals the 2007 Insurance Law. However, many provisions of the 2007 Insurance Law remain, says the commentary whose authors are Mr Sam Wakerley, head of insurance and reinsurance for HFW in the Middle East; Ms Salma Achour Khouaja, senior associate in HFW's Dubai insurance and reinsurance team; and Ms Dina Shriem, an associate in the Insurance / Reinsurance litigation team in Dubai.

<u>The co-authors point out some of the changes (this list is not exhaustive) in the new law:</u>

- Holding companies which acquire 15% of the insurance activity in the UAE, or in which the insurance activity and related services exceed 50% of their revenues, fall within the application of the new insurance law, with regulations concerning such entities to be issued in due course.
- The new insurance law shall not apply to companies operating in Financial Free Zones and is therefore only applicable to companies operating in non-Financial Free Zones and onshore UAE. The 2007 Insurance Law

stated that it did not apply to Free Zones (but did not distinguish between Free Zones and Financial Free Zones). An article in the new insurance law states that companies licensed in Financial Free Zones may not conduct business in the UAE other than in the Financial Free Zones and other than in respect of reinsurance business.

- The Emirates Insurance Association is replaced by the Emirates Insurance Federation. The Central Bank will supervise the work of the Emirates Insurance Federation and approve its articles of association.
- The Banking and Insurance Dispute Resolution Unit (BIDRU) replaces the Insurance Settlement Dispute Committee (IDC). The BIDRU is an independent juristic personality, established to receive and resolve complaints against insurance companies. Regulations will be issued providing greater detail regarding the scope of the unit.
- If the claim value does not exceed AED50,000, the insurer cannot appeal the BIDRU decision. If the claim value exceeds AED50,000, the insurer can appeal the BIDRU decision within 30 days from the issuance date or notification of the decision before the Court of Appeal.

However, the concerned party, which is not defined but would appear to be the Insured/beneficiary, can appeal the BIDRU decision before the Court of Appeal within 30 days from the issuance date or notification date. Based on the above procedure, the right to appeal is afforded to the insured and is not limited by the claim value as is the case for the insurer.

The fact that decisions are referred to the Court of Appeal illustrates that the BIDRU will act as an equivalent to the UAE Court of First Instance and is a welcome step in reducing the stages required to reach a final binding judgment in respect of insurance claims.

"What is less clear is whether recent decisions of the DIFC Court will be affected by the change in law, and whether the DIFC Court will still consider that it has jurisdiction to hear cases brought by Insurers or indeed appeals from the newly formed BIDRU," say the co-authors.
Central Bank intervention

The new law also establishes the Central Bank's capacity to intervene in any lawsuit filed before judicial authorities to which one of the parties is an insurance company, reinsurance company or any insurance-related professional. Upon notification of the lawsuit, the Central Bank may, following investigation into the matter, submit any clarifications, data or information, to the competent authority, that it may deem appropriate.

LIBYA

Insurance Market Overview

by Hussein Elsayed

Official Name:

Libya.
The country's full formal name is State of Libya. Under the Gaddafi government the country was known as the Great Socialist People's Libyan Arab Jamahiriya.

Location:

Libya is located on the Mediterranean coast of north Africa. The country is bordered by Egypt to the east, Sudan to the south-east, Chad and Niger to the south, and Algeria and Tunisia to the west.

Surface Area:

1,759,540 km^2.

Time Zone:

UTC+2 (EET)

Income Category:

Medium income

Religion:

Sunni Islam is the dominant religion in Libya, practised by 97% of the indigenous population. Berbers in some of the western rural areas practise Ibadi Islam.

Language:

Arabic is the official language. European languages are not widely spoken, but the older generation and workers in the commercial sector may speak some English, Italian or French.

Government:

Unitary republic under a provisional unity government.

Climate:

The climate is mostly extremely dry and desertlike in nature. However, the northern regions enjoy a milder Mediterranean climate.

Natural Hazards:

Earthquake: *Libya has an exposure to earthquake damage and there have been a number of substantial earthquakes in the country over the years.*
Storm: *Libya is not particularly exposed to storm damage other than occasional sandstorms.*
Flood: *The area is not generally susceptible to flood damage, although there is some exposure to flash flooding at the start of the wet season.*

(I) LIBYA: Socio-Economic Information

Region	Northern Africa	UN membership date	14 December 1955
Population (000, 2023)	6 812 a,b	Surface area (km2)	1 676 198 c
Pop. density (per km2, 2023)	4.1 a,b	Sex ratio (m per 100 f)	102.4 a,b
Capital city	Tripoli	National currency	Libyan Dinar (LYD)
Capital city pop. (000, 2023)	1 160.9 d	Exchange rate (per US$)	4.8 b

Economic indicators	**2010**	**2015**	**2023**
GDP: Gross domestic product (million current US$)	75 381	48 718	39 006 c
GDP growth rate (annual %, const. 2015 prices)	5.0	- 0.8	28.3 c
GDP per capita (current US$)	11 611.4	7 867.5	5 791.3 c
Economy: Agriculture (% of Gross Value Added)	1.6	3.9	3.6 c
Economy: Industry (% of Gross Value Added)	69.0	31.2	44.4 c
Economy: Services and other activity (% of GVA)	29.3	64.9	52.0 c
Employment in agriculture (% of employed) e	17.3	19.3	16.3 c
Employment in industry (% of employed) e	22.0	17.5	19.3 c
Employment in services & other sectors (% employed) e	60.7	63.2	64.4 c
Unemployment rate (% of labour force) e	19.3	19.5	20.5
Labour force participation rate (female/male pop. %) e	33.9 / 61.4	33.9 / 61.1	34.8 / 60.8
CPI: Consumer Price Index (2010=100)	100	126 f	...
Agricultural production index (2014-2016=100)	106	101	106 c
International trade: exports (million current US$)	36 440	10 200 e	46 483 e,b
International trade: imports (million current US$)	17 674	13 000 e	20 936 e,b
International trade: balance (million current US$)	18 766	- 2 800 e	25 547 e,b
Balance of payments, current account (million US$)	16 801	- 9 346	- 4 780 g

Major trading partners						**2022**
Export partners (% of exports) e	Italy	29.3	Spain	9.9	Germany	9.4
Import partners (% of imports) e	Türkiye	13.5	Italy	11.7	China	11.3

Social indicators	**2010**	**2015**	**2023**
Population growth rate (average annual %)	2.1	1.5	1.1 a,b
Urban population (% of total population)	78.1	79.3	80.4 d
Urban population growth rate (average annual %) h	1.5	0.5	...
Fertility rate, total (live births per woman)	2.6	2.7	2.4 a,b
Life expectancy at birth (females/males, years)	74.9 / 70.2	75.4 / 68.5	74.8 / 69.7 a,b
Population age distribution (0-14/60+ years old, %)	29.9 / 5.9	31.6 / 6.7	28.3 / 7.7 a,b
International migrant stock (000/% of total pop.) i,j	687.2 / 11.1	771.1 / 12.0	826.5 / 12.0 g
Refugees and others of concern to the UNHCR (000)	11.2 k	471.7	218.9 b
Infant mortality rate (per 1 000 live births)	14.2	11.9	9.1 a,b
Health: Current expenditure (% of GDP) l,m	3.6	6.1 n	...
Health: Physicians (per 1 000 pop.)	1.9 o	2.0	2.2 p
Education: Primary gross enrol. ratio (f/m per 100 pop.)	106.6 / 111.3 q	... / ...	... / ...
Education: Lowr. sec. gross enrol. ratio (f/m per 100 pop.)	103.0 / 103.6 q	... / ...	... / ...
Education: Upr. sec. gross enrol. ratio (f/m per 100 pop.)	108.8 / 77.3 q	... / ...	... / ...
Seats held by women in the National Parliament (%)	7.7	16.0	16.5 r

Environment and infrastructure indicators	**2010**	**2015**	**2023**
Individuals using the Internet (per 100 inhabitants) e	14.0	17.8 s	...
Threatened species (number)	44	54	92 b
Forested area (% of land area)	0.1	0.1	0.1 g
CO2 emission estimates (million tons/tons per capita)	51.2 / 8.2	45.7 / 7.0	39.8 / 5.7 g
Energy production, primary (Petajoules)	4 310	1 453	1 334 g
Energy supply per capita (Gigajoules)	134	123	102 g
Tourist/visitor arrivals at national borders (000)	34 t,u	...	...
Important sites for terrestrial biodiversity protected (%)	0.0	0.0	0.0 b
Net Official Development Assist. received (% of GNI)	0.01	0.32	0.81 c

a Projected estimate (medium fertility variant). **b** 2022. **c** 2021. **d** 2019. **e** Estimate. **f** 2013. **g** 2020. **h** Data refers to a 5-year period preceding the reference year. **i** Including refugees. **j** Refers to foreign citizens. **k** Data as at the end of December. **l** Estimates should be viewed with caution as these are derived from scarce data. **m** Data based on calendar year (January 1 to December 31). **n** 2011. **o** 2009. **p** 2017. **q** 2006. **r** Data are as at 1 January of reporting year. **s** 2014. **t** Non-resident tourists staying in hotels and similar establishments. **u** 2008.

World Statistics Pocketbook 2023

(II) LIBYA: Insurance Market

Key Highlights

- *The insurance industry of Libya is regulated by the Insurance Department of General People's Committee for Economy, Trade and Investment.*
- *Up to 49% FDI is permitted in the Libyan insurance industry.*
- *Composite insurance is not permitted in Libya.*
- *Motor third-party liability insurance and health insurance are the key compulsory classes of insurance.*
- *Non-admitted insurance is permitted with a few exceptions.*

(A) LIBYA: Insurance Market - Historical Landmarks and Regulatory Environment

➢ *Historical Landmarks*

1930s Several Italian insurers had agencies in Libya.

1940s British insurers became involved in the market.

1959 The *Supervision and Control Law No 7* was issued.

1964 Libya Insurance Company was established.

1967 Sahara Insurance Company was established.

1968 El Mukhtar Insurance Company was established.

1969 North Africa Insurance Company was established.

1970 A ministerial order stopped the activities of branches and agencies of foreign companies operating in Libya. All insurance companies operating in Libya were nationalized.

1970 The *Supervision and Control of Insurance Companies Law No 131* was introduced.

1971 Sahara Insurance and North Africa Insurance were merged with El Mukhtar Insurance Company.

1981 El Mukhtar Insurance Company was merged with Libya Insurance Company thereby confining insurance activity in Libya to one state-owned entity, Libya Insurance Company.

1997 United Insurance Company, jointly owned by the public and private sectors, commenced operations.

2003 The *Resolution of the Secretariat of the People's General Committee No 213* of 2003 introduced a table of bodily injury and death compensation.

2005 Insurance *Law No 3 of 2005* (replacing the *Supervision and Control of Insurance Companies Law No 131* of 1970) was introduced, permitting a relatively free private insurance market, increasing minimum paid-up capital for insurance and reinsurance companies, and establishing minimum solvency margins.

2007 Seven insurance companies were licensed to operate in the market, of which one was state-owned, two partly state-owned and the rest private.

2009 - A new insurance company has come to increase the insurers on the market. *Qafela Insurance* (the caravan) has started underwriting as of September 1, 2009.
- A new company specialized in health insurance has been established: "*Libya Insurance Medical*".
- An assistance company is being established in Libya. The main shareholders of this new body are Mapfre Assistance and the African Insurance Company, one of the key stakeholders on the Libyan market. Lib Assist will be providing motor assistance and travel insurance policies
- Nine insurance companies were operating in the market of which one remained state-owned, two partly state-owned and the rest private.

2010 The principle of compulsory health insurance for all residents in the country was introduced; according to market sources PMI became compulsory in 2012.

2012 After the election of the General National Congress (GNC) in July the supervisory authority remained in place and is still the likely future source of insurance legislative proposals.

New rules regarding the conduct of takaful business were issued by the regulator.

2013 Following the change of regime in Libya, the authorities decided to suspend the activities of *Libo Insurance*.

A new insurance company, *International Insurance Company*, has been established in Tripoli, Libya. The company is endowed with a share capital of 10 million LYD (7.9 million USD).

A new insurance company has just been established in Libya. Called *Tibesty* Insurance, this company, whose capital is detained by private shareholders

2014 Damage to some 90% of the aircraft on the ground at Tripoli airport was reported to have occurred on 14 July due to fierce fighting between rival militia attempting to take control of the airport. At least 47 fatalities resulted and the airport was seriously damaged.

Ongoing hostilities between the entities competing as separate governing authorities has meant that new legislation, in respect of the insurance industry, has not been a priority. This unrest has also meant the industry has not been able to grow, during this period.

2015 The conflict for the takeover of Tripoli airport since July 13 has caused enormous damage to the airfleets parked on the tarmac. A total of 20 aircrafts would have been damaged, for an estimated total amount between 200 and 400 million USD according to a research note from Barclays Bank. 13 planes would be the property of Afriqiyah company, and the rest belonging to Libyan Airlines.

2022 *Umbrella Re* launched its operations in Tripoli.

2023 - Storm "Daniel", accompanied by torrential rain, struck eastern Libya on 10 September 2023, causing severe flooding and the bursting of two dams upstream of the coastal town of Derna. This city, home to over 100000 inhabitants and located 900 kilometers east of Tripoli, was subsequently declared a "disaster city" by the government. The Libyan Red Crescent has estimated the death toll at over 11300. The disaster also caused extensive damage to private property. The United Nations (UN) estimates that over 880000 people have been affected and 2200 buildings damaged.

➢ *Regulatory framework*

▪ Insurance Law:

Insurance ***law No 3 of 2005*** on Supervision and Control of Insurance Business.

▪ Insurance Supervisory Authority:

The Libyan insurance industry is governed by ***Libyan Insurance Supervisory Authority***.
It functions in accordance with the guidelines stipulated in the Insurance law No 3 of 2005 on Supervision and Control of Insurance Business.

هيئة الإشراف على التأمين
Libyan Insurance Supervisory Authority
https://lisa.gov.ly

The Supervisory Authority of Libya in the supervision of insurance companies performs tasks that should ensure the preservation and strengthening of financial stability of the insurance market, as part of a modern, efficient and stable financial sector, in order to protect the rights and interests of policyholders and other insurance beneficiaries. The insurance supervisory body carries out activities through: issuing and revoking licenses for performing insurance activities, performing control, ie supervision over the performance of those activities and other related activities.

Supervision includes assessment of: legality of performing insurance activities, management system in the company, market behavior, investment activities, accounting and reporting, actions of administrative bodies, as well as compliance with the rules of insurance and actuarial profession, good business practices and business ethics.

The task of supervision is also to ensure that insurance companies are at all times financially capable and ready to fulfill their obligations to policyholders, insurance beneficiaries and third parties injured, and that persons performing insurance sales are adequately prepared to meet the needs of citizens and businesses for insurance.

Insurance Association:

Libyan Association of Insurance Companies; which established in 2004 under the provisions of the Commercial Code and Law No. 131 of 1970

The Association aims to:

1. Study the technical foundations of tariffs and prices, and develop legislation to suit market needs.
2. Preparing various insurance policies and presenting them to members for guidance.
3. Conducting studies to reduce losses in insurance branches, and analyzing information about the Libyan market
4. Cooperation with experienced arab and international markets
5. Supporting technical cooperation between its members through the exchange of experiences and information.
6. Strengthening ties with regional and international insurance markets, bodies and unions.

Foreign Ownership

Foreign ownership is permitted subject to Central Bank approval up to a maximum of 49% of the total shares issued in respect of joint stock companies.

Types of Licence

- Composite licences are available. A company already holding a life or non-life licence would apply to add a life or non-life branch to its activities, and therefore would not need to make a fresh licence application, in order to become a composite. There are no specific asset separation rules between life and non-life business.
- Separate permission is required to obtain a licence to transact each individual class of business. There are no restrictions on the choice of classes of business to be transacted by composite insurance companies or by composite takaful operators.
- Health insurance is treated by the regulator as a specific class of business.
- Direct insurance companies do not need a separate licence to transact inwards reinsurance.

Capital Requirements

The Insurance Law No 3 of 2005 stipulates that insurance companies must have a paid-up capital of not less than LYD 10mn (USD 7.41mn), with no distinction between life, non-life and composite companies.

Reinsurance companies require a minimum paid-up capital of at least LYD 30mn (USD 22.22mn). These regulations apply equally to conventional insurance companies and takaful/retakaful operators.

Solvency Margins

Assets must exceed liabilities by a margin of 20% of net premium or 25% of net outstanding claims for the previous financial year, whichever is the greater. No allowance is permitted in respect of the solvency margin calculation for reinsurance ceded.

The same requirements apply to reinsurers.

Reserve Requirements

The Insurance Law No 3 of 2005 specifies the following reserve requirements:

- Motor third party liability - 47% of the preceding year's premiums
- Other classes (excluding marine cargo, goods in transit and aviation, but including life) - 40% of the preceding year's premiums
- Marine cargo, goods in transit and aviation - 25% of the preceding year's premiums.

Compulsory Insurances

List of Compulsory Insurances

- *Motor third party legal liability in respect of bodily injury.*
- *Professional indemnity insurance for the medical profession.*
- *Workers' compensation (entirely dealt with by the state social security system).*
- *Health insurance for all citizens and residents.*
- *Shipowners' liability for marine oil pollution (financial guarantee or insurance).*

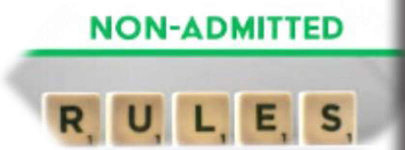
Supplementary Information on Compulsory Insurances:

- Law *No* 28 of 1971 dealt with compulsory insurance against civil liabilities resulting from vehicle accidents. This law has been amended over the years by various decrees including the General People's Committee Decree No 195 issued in August 2001 and the Resolution of the Secretariat of the People's General Committee No 213 of 2003.
- *Professional* indemnity insurance for the medical profession used to be dealt with by the state-owned Libya Insurance Company, but is now open to all companies. The minimum limit is LYD 100,000 (USD 74,080).
- Law No 20 of May 2010 introduced compulsory private healthcare insurance. In 2012 private medical insurance (PMI) became compulsory.
- There is a requirement under the International Convention on Civil Liability for Oil Pollution Damage, 1969, renewed in 1992 to give evidence of an insurance or other financial guarantee in respect of oil pollution.
- Libya *was* a signatory to this convention in 2005. The convention requires owners of ships carrying more than 2,000 tonnes of oil in cargo to maintain "insurance or other financial security" sufficient to cover the maximum liability for one oil spill.

Insurance Tariff :

Resolution of the Minister of Economy and Trade No. 120 of 2023 regarding setting the tariff for compulsory insurance prices arising from accidents of insured motor vehicles.

Non-Admitted Insurance:



Non-admitted insurance is not permitted because the law provides that insurance must be purchased from locally authorized insurers to which 100% of the gross premium must be paid locally. The regulator may grant an exemption to the non-admitted rules but this would be extremely rare.

Intermediaries

- Intermediaries (brokers or agents) have to be authorized to do insurance business.
- Intermediaries are not allowed to place business with non-admitted insurers.
- All brokers and agents are expected to comply in full with the non-admitted insurance regulations.

(B) LIBYA: Insurance Market Statistics & Performance

➢ *LIBYA: Market Structure:*

According to data published on Libyan Insurance Supervisory Authority website, the market; in 2022; includes:

30 *Insurance companies*	***2*** *Reinsurance companies*
6 *Surveyors and loss adjuster experts*	***5*** *Actuarial experts*
5 *Insurance Brokers*	***19*** *Insurance agents*

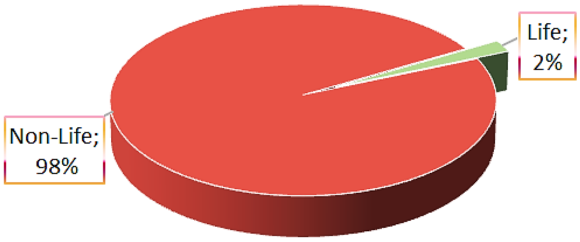
➢ *LIBYA: Market Statistics*

- **LIBYA: Life and non-life GWP premiums 2020-2022**

Figures in US$m

2020	2021	2022
336	147	151

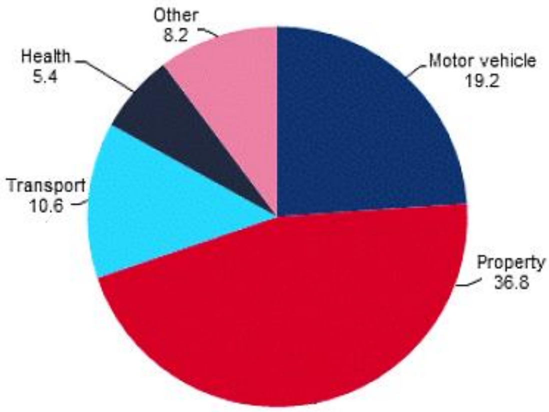
- **LIBYA: Market Segment by Life & Non-Life in 2022**



Sources: GAIF & Fitch Solutions

- **LIBYA: Composition of GWP portfolio per class of business in 2022**

Property ------------------------	36.8%
Motor ---------------------------	19.2%
Transport -----------------------	10.6%
Health ---------------------------	5.4%
Other ----------------------------	8.2%



Source: Fitch Solutions

- **LIBYA: Life and non-life Claims 2020-2022**

Figures in US$m

2020	2021	2022
32	47	90

Sources: GAIF & Fitch Solutions

▪ LIBYA: Insurance Companies Indicators 2020 -2022

2020

Figures in thousands of US$

Rank	Company Name	Premium Written 2020	Premium Written 2019	Assets 2020	Assets 2019	Shareholders Equity 2020	Shareholders Equity 2019	Net Profit 2020	Net Profit 2019	ROE %
1	LIBYA	82000	90000	320600	350000	61500	65000	5400	7000	8.78
2	TRUST	52400	55350	192400	210410	10250	11570	1700	1910	16.59
3	AFRICAN	49100	49100	60600	60600	10550	10550	-	-	-
4	SAHARA	32400	37100	46100	49300	10800	11020	-	-	-
5	UNITED	18200	20350	109350	114950	13220	14350	2100	1910	15.89
6	TAKAFULY	14250	16100	-	-	-	-	-	-	-
7	LIBO	13800	16000	32100	36100	7560	9990	2010	2630	26.59
8	QAFELA	8800	6350	17100	15100	1320	600	-	350	-
9	ALETEHADIYA	3920	3450	5320	6700	4250	5200	-	-	-
10	TIBESTY	3610	3330	3100	2850	1750	1300	-	-	-
11	AMIC	1850	1380	-	-	-	-	-	-	-

2021

Figures in thousands of US$

Rank	Company Name	Premium Written 2021	Premium Written 2020	Assets 2021	Assets 2020	Shareholders Equity 2021	Shareholders Equity 2020	Net Profit 2021	Net Profit 2020	ROE %
1	LIBYA	77200	82000	301090	320600	57350	61500	4100	5400	7.2
2	TRUST	54100	52400	193000	192400	10100	10250	1900	1700	18.8
3	AFRICAN	49100	49100	60600	60600	10550	10550	-	-	-
4	SAHARA	25100	32400	44300	46100	10200	10800	-	-	-
5	UNITED	19100	18200	110000	109350	14400	13220	2250	2100	15.6
6	TAKAFULY	15100	14250	-	-	-	-	-	-	-
7	LIBO	14200	13800	32000	32100	8100	7560	2000	2010	24.7
8	QAFELA	4000	8800	16000	17100	5000	11320	100	-	0.5
9	ALETEHADIYA	3900	3920	5450	5320	4460	4250	-	-	-
10	TIBESTY	3800	3610	3300	3100	1900	1750	-	-	-
11	AMIC	1900	1850	-	-	-	-	-	-	-

2022

Figures in thousands of US$

Rank	Company Name	Premium Written 2022	Premium Written 2021	Assets 2022	Assets 2021	Shareholders Equity 2022	Shareholders Equity 2021	Net Profit 2022	Net Profit 2021	ROE %
1	LIBYA	82000	77200	308800	301090	59440	57350	5500	4100	9.3
2	TRUST	56000	54100	193000	193000	11000	10100	2000	1900	18.2
3	AFRICAN	49100	49100	60600	60600	10550	10550	-	-	-
4	SAHARA	26000	25100	45250	44300	11320	10200	-	-	-
5	UNITED	21200	19100	112220	110000	15150	14400	2400	2250	15.8
6	LIBO	14850	14200	33100	32000	8250	8100	2150	2000	26.1
7	TAKAFULY	14000	15100	-	-	-	-	-	-	-
8	QAFELA	5820	4000	19580	16000	5780	5000	140	100	24
9	ALETEHADIYA	3930	3900	5550	5450	4700	4460	-	-	-
10	TIBESTY	3870	3800	3420	3300	2250	1900	-	-	-
11	AMIC	2100	1900	-	-	-	-	-	-	-

Source: *"MENA Insurers, Reinsurers and Reinsurance Brokers Ranking"* Albayan Magazine, Dec 2023

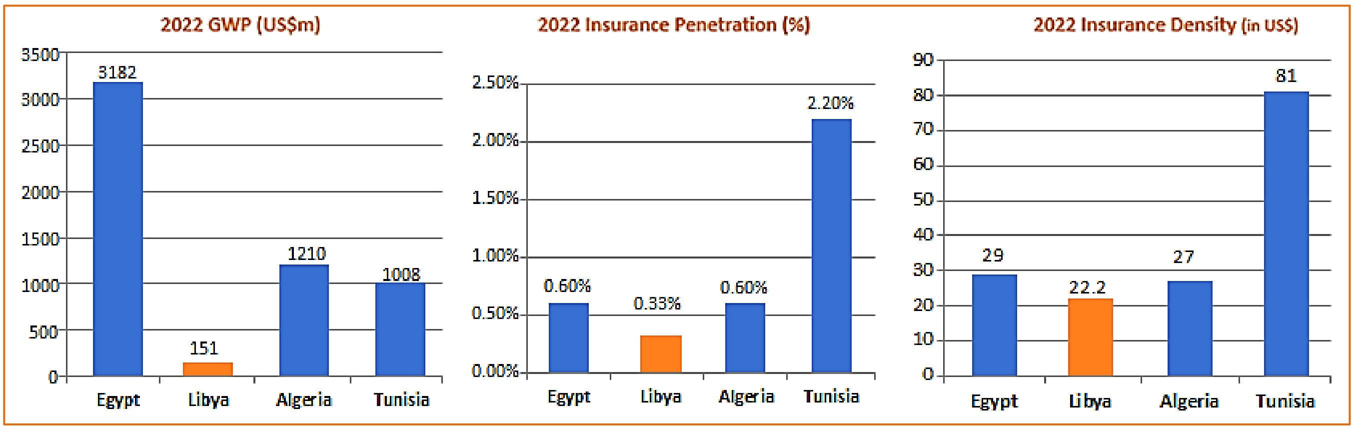
(C) LIBYA - Insurance Market: Regional Comparison

MIDDLE EAST AND NORTH AFRICA INSURANCE RISK/REWARD INDEX

	Industry Rewards	Industry Rewards Non-Life	Industry Rewards Life	Country Rewards	Rewards	Industry Risk	Country Risks	Risks	Insurance Risk/ Reward Score	Rank
UAE	45,00	52,50	37,50	64,18	52,67	70,00	59,96	63,97	56,06	1
Bahrain	27,50	32,50	22,50	69,79	44,42	85,00	50,93	64,56	50,46	2
Saudi Arabia	32,50	50,00	15,00	65,63	45,75	60,00	55,29	57,17	49,18	3
Oman	26,25	35,00	17,50	63,67	41,22	65,00	59,00	61,40	47,27	4
Morocco	37,50	37,50	37,50	46,14	40,96	70,00	51,23	58,74	46,29	5
Kuwait	25,00	27,50	22,50	67,62	42,05	50,00	59,01	55,41	46,05	6
Jordan	23,75	27,50	20,00	54,90	36,21	70,00	48,90	57,34	42,55	7
Qatar	25,63	46,25	5,00	70,21	43,46	55,00	21,00	34,60	40,80	8
Egypt	27,50	27,50	27,50	42,74	33,60	60,00	43,50	50,10	38,55	9
Lebanon	16,25	17,50	15,00	48,84	29,29	65,00	36,88	48,13	34,94	10
Tunisia	22,50	27,50	17,50	43,97	31,09	55,00	33,47	42,08	34,39	11
Iran	18,75	22,50	15,00	41,47	27,84	20,00	45,10	35,06	30,01	12
Algeria	12,50	17,50	7,50	27,12	18,35	50,00	37,11	42,27	25,52	13
Yemen	13,75	15,00	12,50	33,59	21,68	60,00	6,06	27,64	23,47	14
Libya	3,75	5,00	2,50	35,88	16,60	15,00	21,11	18,66	17,22	15
Regional Average	**23,88**	**29,42**	**18,33**	**51,72**	**35,01**	**56,67**	**41,90**	**47,81**	**38,85**	

Note: Scores out of 100; higher score = lower risk. Source: Fitch Solutions

Source: UAE Insurance Report Q2_2023 - by Fitch solutions, February 2023



Source: SwissRe Sigma Explorer (http://www.sigma-explorer.com)

(D) LIBYA: Insurance Market SWOT Analysis

Strengths	▪ Local insurance providers continue to provide services in the face of very challenging conditions.
Weaknesses	▪ Recent political and economic uncertainty continues to undermine consumer spending and demand for non-essentials, such as insurance. ▪ The fragmented security situation has resulted in politics and commerce being dominated by mafia-style militias in some urban centres, making normal business almost impossible to conduct. ▪ Low household incomes, a lack of job security and rampant inflation are tempering demand for personal insurance products. ▪ There is a lack of trust in the institutions necessary to support life insurance.
Opportunities	▪ A recovery in oil and gas output will boost economic growth and create some renewed demand for a range of insurance services. ▪ Extremely low levels of insurance penetration and density allow potential for long-term growth should Libya's political and security situation improve. ▪ A return of political stability would boost the economic and regulatory environment, bolstering the sector's fortunes.
Threats	▪ Despite Islamic State being pushed out of Sirte, overall insecurity shows few signs of substantially abating, making it extremely difficult to carry out normal insurance business. ▪ A significant deterioration in Libya security environment, prolonged oil blockades to gain leverage in negotiations over the holding of national elections, would negatively impact both the oil and non-oil economy.

Source: Business Monitor International - 29 September 2023

(E) LIBYA - Insurance Market Forecast by Fitch

- We expect that life premiums will grow by 6.5% in local currency terms in 2023, to LYD7.0mn (USD1.5mn). We see premiums rising by an average of 4.1% per annum in local currency terms during the remainder of the forecast period, taking the value of premiums to LYD8.0mn.
- In 2023, we expect that non-life premiums will grow by 6.0% in local currency terms to LYD276.9mn (USD58.2mn). Over the forecast period (2022-2027), we expect premiums to rise by an annual average of 4.1% in nominal dinar terms, taking the value of premiums to LYD319.7mn (USD66.1mn) in 2027.
- In 2023, the insurance sector will benefit from relative political stability which will support a rebound in oil exports, feeding through higher government spending, with positive spillovers for private consumption and investment activity.




MALAYSIA

Insurance Market Overview

Official Name: *Malaysia*

Location: *Malaysia is a country in Southeast Asia. The federal constitutional monarchy consists of 13 states and three federal territories, separated by the South China Sea into two regions: Peninsular Malaysia and Borneo's East Malaysia. Peninsular Malaysia shares a land and maritime border with Thailand and maritime borders with Singapore, Vietnam, and Indonesia. East Malaysia shares land and maritime borders with Brunei and Indonesia, as well as a maritime border with the Philippines and Vietnam.*

Surface Area: *330,621 km^2.*

Time Zone: *UTC+8 (MST)*

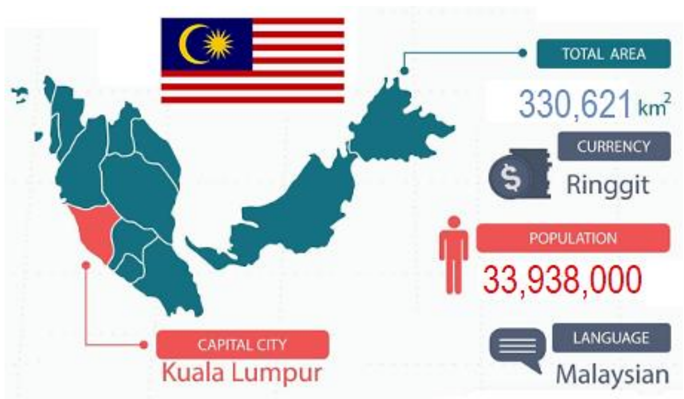
Income Category: *Upper-middle Income*

Religion: *63.5% Sunni Islam (Official Religion) | 18.7% Buddhism | 9.1% Christianity | 6.1% Hinduism | 0.9% other | 1.8% unknown.*

Language: *Malaysian Malay, also known as Standard Malay, Bahasa Malaysia, or simply Malay, is a standardized form of the Malay language used in Malaysia and also used in Brunei and Singapore.*

Government:
Constitutional Monarchy.

Climate: *Malaysia experiences humid weather throughout the year. The average daily temperature across Malaysia is between 21°C and 32°C. Typically, the Malaysian climate is influenced by the winds blowing from the Indian Ocean (Southwest Monsoon - May to September) and the South China Sea (North-Eastern Monsoon - November to March).*



Natural Hazards:
River flood: High | Urban flood: High | Coastal flood: High | Landslide: High | Tsunami: High | Cyclone: High | Wildfire: High | Earthquake: Medium | Extreme heat: Medium | Volcano: Very low | Water scarcity: Very low

ThinkHazard! WORLD BANK GROUP

~~~~~ by Hussein Elsayed ~~~~~
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(II) MALAYSIA: Socio-Economic Information

Region	South-eastern Asia	UN membership date	17 September 1957
Population (000, 2023)	33 938[a,b,c]	Surface area (km2)	330 621[d]
Pop. density (per km2, 2023)	103.3[a,b,c]	Sex ratio (m per 100 f)	104.5[a,b,c]
Capital city	Kuala Lumpur[e]	National currency	Malaysian Ringgit (MYR)
Capital city pop. (000, 2023)	7 780.3[f,g]	Exchange rate (per US$)	4.4[c]

Economic indicators	**2010**	**2015**	**2023**
GDP: Gross domestic product (million current US$)	255 018	301 355	372 702[d]
GDP growth rate (annual %, const. 2015 prices)	7.4	5.1	3.1[d]
GDP per capita (current US$)	8 880.1	9 699.6	11 100.9[d]
Economy: Agriculture (% of Gross Value Added)[h,i,j]	10.2	8.4	9.7[d]
Economy: Industry (% of Gross Value Added)[h,i,k]	40.9	38.9	38.2[d]
Economy: Services and other activity (% of GVA)[h]	48.9	52.7	52.1[d]
Employment in agriculture (% of employed)	13.3	12.5	9.6[l,d]
Employment in industry (% of employed)	27.6	27.5	28.2[l,d]
Employment in services & other sectors (% employed)	59.1	60.1	62.1[l,d]
Unemployment rate (% of labour force)	3.4	3.1	3.8[l]
Labour force participation rate (female/male pop. %)	43.5 / 76.3	50.7 / 78.1	52.7 / 78.6[l]
CPI: Consumer Price Index (2010=100)	100	113	127[c]
Agricultural production index (2014-2016=100)	89	104	97[d]
International trade: exports (million current US$)	198 791	200 211	352 565[l,c]
International trade: imports (million current US$)	164 586	176 175	294 093[l,c]
International trade: balance (million current US$)	34 204	24 036	58 472[l,c]
Balance of payments, current account (million US$)	25 644	9 068	10 487[c]

Major trading partners						**2022**
Export partners (% of exports)[l]	China	15.5	Singapore	14.0	United States	11.5
Import partners (% of imports)[l]	China	23.2	Singapore	9.5	Other Asia, nes	7.6

Social indicators	**2010**	**2015**	**2023**
Population growth rate (average annual %)[b]	1.6	1.5	1.1[a,c]
Urban population (% of total population)[b]	70.9	74.2	76.6[g]
Urban population growth rate (average annual %)[b,m]	3.1	2.7	...
Fertility rate, total (live births per woman)[b]	2.1	2.0	1.8[a,c]
Life expectancy at birth (females/males, years)[b]	77.1 / 72.1	77.7 / 72.8	78.8 / 74.0[a,c]
Population age distribution (0-14/60+ years old, %)[b]	27.8 / 7.9	25.2 / 9.2	22.7 / 11.4[a,c]
International migrant stock (000/% of total pop.)[b,n,o]	2 417.4 / 8.6	3 280.7 / 10.8	3 476.6 / 10.7[p]
Refugees and others of concern to the UNHCR (000)	212.9[q]	272.0	247.7[c]
Infant mortality rate (per 1 000 live births)[b]	6.9	6.9	5.9[a,c]
Health: Current expenditure (% of GDP)	3.2[r]	3.8[r]	4.1[p]
Health: Physicians (per 1 000 pop.)	1.1	1.5	2.2[p]
Education: Government expenditure (% of GDP)	5.0	4.9	4.3[d]
Education: Primary gross enrol. ratio (f/m per 100 pop.)	100.2 / 99.3	104.1 / 103.5	103.7 / 102.3[d]
Education: Lowr. sec. gross enrol. ratio (f/m per 100 pop.)	90.5 / 88.8	90.6 / 86.8	93.1 / 92.0[d]
Education: Upr. sec. gross enrol. ratio (f/m per 100 pop.)	70.0 / 60.2	86.9 / 76.2	81.1 / 72.6[d]
Intentional homicide rate (per 100 000 pop.)	1.9	1.6	0.7[d]
Seats held by women in the National Parliament (%)	9.9	10.4	13.5[s]

Environment and infrastructure indicators	**2010**	**2015**	**2023**
Individuals using the Internet (per 100 inhabitants)	56.3[t]	71.1	96.8[d]
Research & Development expenditure (% of GDP)	1.0	1.3	1.0[p]
Threatened species (number)	1 180	1 252	2 090[c]
Forested area (% of land area)	57.7	59.2	58.2[p]
CO2 emission estimates (million tons/tons per capita)	191.6 / 6.7	222.5 / 7.3	231.6 / 7.1[p]
Energy production, primary (Petajoules)[u]	3 450	3 749	3 837[p]
Energy supply per capita (Gigajoules)[u]	103	110	117[p]
Tourist/visitor arrivals at national borders (000)[v]	24 577	25 721	135[d]
Important sites for terrestrial biodiversity protected (%)	31.6	37.0	37.0[c]
Net Official Development Assist. received (% of GNI)	0.00	0.00	0.00[d]

a Projected estimate (medium fertility variant). **b** Including Sabah and Sarawak. **c** 2022. **d** 2021. **e** Kuala Lumpur is the capital and Putrajaya is the administrative capital. **f** Refers to the Greater Kuala Lumpur. **g** 2019. **h** Data classified according to ISIC Rev. 4. **i** At producers' prices. **j** Excludes irrigation canals and landscaping care. **k** Excludes publishing activities, recycling. Includes irrigation canals. **l** Estimate. **m** Data refers to a 5-year period preceding the reference year. **n** Including refugees. **o** Refers to foreign citizens. **p** 2020. **q** Data as at the end of December. **r** Provisional data. **s** Data are as at 1 January of reporting year. **t** Refers to total population. **u** Data comprises of Peninsular Malaysia, Sabah and Sarawak. **v** Including Singapore residents crossing the frontier by road through Johore Causeway.

World Statistics Pocketbook 2023

(III) Malaysia: Insurance Market

Key Highlights

- *According to "China Research and Intelligence" report entitled "Malaysia Insurance Industry Research Report 2023-2032": Malaysia stands as the fourth largest economy in Southeast Asia, characterized by robust economic growth, which reached an impressive 8.7% in 2022. The nation's population is approaching 32.7 million people, and it boasts a GDP per capita of $12,400. As an upper middle-income country, Malaysia's economic landscape is heavily influenced by consumption and international trade, constituting the most crucial components of its GDP. In 2022, Malaysia's total exports and imports reached a remarkable RM2.85 trillion, equivalent to about $627 billion, marking a substantial 27.8% year-on-year increase. This achievement marked the second consecutive year in which Malaysia surpassed the 2 trillion-ringgit threshold.*
- *BNM, under the Ministry of Finance, regulates the Malaysian insurance industry.*
- *The provisions of the FSA, which came into force on June 30, 2013, regulate the life and non-life insurance businesses in Malaysia.*
- *The Malaysian government permits FDI up to a limit of 70% in the insurance industry.*
- *Composite insurance is not permitted in Malaysia.*
- *Non-admitted insurers and intermediaries are not permitted in the Malaysian insurance industry.*
- *In 2021, Malaysia ranked 27th on the list of world countries ranked by gross written premium.*

(A) Historical Landmarks and Regulatory Environment

➢ *Historical Landmarks*

1827	Alliance British and Foreign Life and Fire Assurance Company of London became the first to enter the region when it appointed Napier and Scott of Singapore as underwriting agents.
1846	Boustead became an agent for several companies which subsequently became members of the Royal Group.
1875	Guardian Royal Exchange Group was the first foreign insurer to establish a direct operation. Seven years later Commercial Union appointed agents in Penang.
1908	The first local insurer, the Great Eastern, was established followed by other domestic companies, Overseas Assurance in 1920 and Asia Insurance in 1923.
1952	The Workmen's Compensation Act was passed to provide for the payment of compensation benefits to foreign workers.
1963	The Insurance Act introduced the first comprehensive insurance legislation.
1970	The state-owned Malaysian National Insurance company (MNI) started business.
1979	The General Insurance Association (PIAM) was formed.
1984	The Takaful Act was passed.
1985	Syarikat Takaful commenced operations as the first takaful operator in Malaysia.
1987	The Road Traffic Act obliged vehicle owners to insure for third party liability for bodily injury for an unlimited amount.
1988	Bank Negara Malaysia (BNM) assumed responsibility for the supervision of the insurance industry.
1990	The Offshore Insurance Act (amended 1997) was introduced.
1996	The Insurance Act repealed that of 1963 and introduced higher capital requirements.
2005	BNM announced that it would issue licences under the Takaful Act 1984 to qualified applicants to conduct takaful broking and adjusting business.
2006	BNM announced in January that it had approved new takaful licences to four consortiums and joint ventures. Asia Insurance merged its operations with Tokio Marine Insurance (Malaysia) Bhd. Sompo Japan acquired a stake in Berjaya Insurance.
2007	BNM enacted new risk-based capital (RBC) guidelines for solvency monitoring on an initial trial basis. Commerce Assurance was acquired by Allianz and Royal & SunAlliance's Malaysian

operation was acquired by Boustead Holdings, the latter selling the business to AXA Affin in 2010.

2008 American Home Assurance Company incorporated its branch operations locally, changing its name to AIG General Insurance (Malaysia) Bhd.

2009 BNM announced that foreign equity participation in insurance companies and takaful operators up to 70% was now permitted. Companies fully implemented the RBC regime from 1 January.

2010 With BNM encouraging consolidation of the non-life market into fewer but stronger players, various deals were made, with mergers which created AXA Affin General Insurance Bhd (AAGI) and MSIG Insurance and the acquisition of Jerneh by ACE Group (now Chubb).

2011 BNM completed the sale of Tahan Insurance, of which it had taken over management in 2009, to Overseas Assurance, a Malaysian subsidiary of the Singapore-listed Great Eastern Holdings. Fairfax Asia completed the acquisition of Pacific Insurance and Zurich Group purchased the composite insurer Malaysian Assurance Alliance Bhd (MAA).

2012 AmG Insurance acquired Kurnia Insurans (Malaysia) Bhd.

2013 The Financial Services Act 2013 and Islamic Financial Services Act 2013 came into effect from 30 June 2013. These acts consolidated all the previous legislation and made some minor changes.The minimum capital and professional indemnity insurance requirements of insurance brokers were increased. Sanlam of South Africa acquired 49% of Pacific & Orient Insurance Co Bhd.

2014 The first few months saw merger and acquisition activity continued, with Zurich selling its stake in MCIS Zurich. Subsequently, the non-life business of MCIS was sold to Fairfax and merged with that of Pacific Insurance. Liberty Mutual Insurance announced that it had agreed to purchase a majority stake in Uni.Asia General Insurance.

2015 Generali purchased a minority stake in Multi-Purpose Insurans.

2016 BNM is in the process of liberalising the motor vehicle and fire insurance sub-sectors, gradually removing fixed tariffs in favour of flexible market-led pricing. The phased process began in July 2016 and continued through to 2019 when the BNM reported that around 200 new motor and fire insurance products were introduced to cover different protection needs.

2018 BNM ordered foreign insurers with a stake of more than 70% in their Malaysian companies to divest the excess shareholding.

2021 As part of the government’s efforts to promote sustainable development of Islamic insurance, BNM introduced the Value-based Intermediation for Takaful Framework in 2021, which also will help raise the takaful penetration rate over the medium term. Encouragingly, growth in general takaful’s contributions has consistently outpaced the growth in conventional insurance premiums in the past few years, a trend that is expected to continue over the medium term.

2022 In June 2022, Health Minister proposed introducing social health insurance and co-payments to boost Malaysia’s 'chronically underfunded' public healthcare system, with full subsidies or waivers for low-income groups.

Recognising the potential impact of climate risk on financial stability in the long run, BNM issued a policy document on Climate Risk Management and Scenario Analysis (CRMSA), which took effect on 30 November 2022.

This policy sets out 14 principles with specific requirements on how financial institutions, including insurers and takaful operators, should manage climate-related risks, covering aspects such as governance, strategy, risk appetite, risk management, scenario analyses, and disclosure.

The requirements and guidance are expected to help non-life insurers manage their climate risk exposures more efficiently. A greater focus on the management of climate risk will likely benefit the non-life insurance industry over the longer term.

2023 All non-life insurers including takaful operators in Malaysia have implemented the Malaysian Financial Reporting Standard (MFRS 17), equivalent to IFRS 17, which came into force on 1 January 2023. Based on a survey conducted by
BNM, the impact on non-life insurers' balance sheets was not significant compared with the financial reporting under MFRS 4, due to the shorter-term duration of contracts underwritten. Financial results are largely similar under both MFRS 17 and MFRS 4.
Overall, the new reporting standard is expected to provide more transparency and comparability, given the standardisation of accounting and the disclosure of financial statements.
BNM is currently conducting a review of the existing risk-based capital (RBC) framework for insurers to enhance the framework and incorporate the requirements under MFRS 17. Implementation of the new RBC framework is expected over the medium term.

Malaysian Life Reinsurance Group (MLRe), a joint venture between Life Insurance Association of Malaysia (LIAM) and Reinsurance Group of America (RGA), has opened a Retakaful window on 14 December 2023.

➢ *Regulatory framework*

The Malaysia insurance industry is regulated mainly by the Central Bank of Malaysia (**Bank Negara Malaysia–BNM**) under the Ministry of Finance.
It was established on January 26 1959 under the Central Bank of Malaya Ordinance 1958.
BNM is responsible for regulating the activities of domestic insurers and the branches of foreign insurers, reinsurers, and intermediaries. Supervision of the prescribed rules and regulations of the act and promotion of development strategies through several amendments are some of the key responsibilities of BNM.

▪ Legislations & Regulations:

The key laws and regulations in the Malaysia insurance industry are as follows:

- Insurance Act 1996
- Development Financial Institutions Act 2002 (Act 618)
- Islamic Financial Services Act 2013
- Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (Act 613)
- Financial Services Act 2013
- Labuan Financial Services and Securities Act 2010

▪ Insurance Associations:

There are 6 statutory insurance associations in the country. These are:

- *Malaysian Takaful Association (an association of takaful operators);*
- *National Insurance Association of Malaysia (represents majority-owned locally incorporated insurers);*
- *Malaysian Insurance and Takaful Brokers Association (an association of insurance brokers);*
- *Association of Malaysian Loss Adjusters (an association of insurance adjusters);*
- *Persatuan Insurans Am Malaysia (an association of general/non-life insurers);*
- *and Life Insurance Association of Malaysia (an association of life insurers).*

General Insurance Association of Malaysia - Persatuan Insurans Am Malaysia (PIAM)

PIAM was incorporated in 22 February 1982 as a statutory trade association recognised by the Government of Malaysia for all registered insurers who transact general insurance business. Currently, PIAM has 23 member companies comprising 19 direct general insurance and 4 reinsurance companies operating in Malaysia. www.piam.org.my

Life Insurance Association of Malaysia (LIAM)

Formed in 1974, the Life Insurance Association of Malaysia (LIAM) is a trade association registered under the Societies Act 1966. LIAM has a total of 16 members, of which 14 are life insurance companies and 2 life reinsurance companies.

LIAM's objectives are to promote a progressive life insurance industry; to enhance public understanding and appreciation for life insurance; to upgrade the image and professionalism of the life insurance industry and to support the regulatory authorities in developing a strong industry. http://www.liam.org.my

▪ Company Registration and Operation:

A license is required to operate in the Malaysia insurance industry. According to Section 8 of the FSA 2013, insurers and reinsurers should get a license from the Minister of Finance on the recommendation of BNM to carry out business in Malaysia. Intermediaries are also not permitted to operate in the insurance industry without a license from BNM.

Only public limited companies as defined and established under the Companies Act 1965 of Malaysia can carry out insurance business after obtaining a license. For reinsurers, financial advisors, and insurance brokers, BNM may specify the form of an establishment licensing and operation of respective insurance activities. Insurance adjusters must be incorporated to carry out activities.

▪ Subsidiary/branch

Branches are not permitted. Insurers (other than professional reinsurers) must be public companies; adjusters must be incorporated, whereas BNM may specify the form of establishment of reinsurers, brokers and financial advisors.

The BNM has issued new guidelines on the application procedure for new insurance and reinsurance licenses on December 27, 2019, such applications will be considered by BNM on a case by case basis. Prior consultation with BNM is encouraged.

▪ Foreign Ownership (FDI restrictions)

International groups have not been deterred by BNM's foreign ownership regulations, which require foreign insurers to either reduce their stakes to no more than 70% in their local ventures or contribute to a charitable fund by the end of 2023. This initiative aims to align national interests and promote a more equitable insurance market.

Foreign insurers who fail to comply with the ownership limit by the deadline will have to contribute to a national health insurance programme. AM Best believes that foreign insurers are likely to contribute to the charitable fund instead of reducing their ownership stakes, as Malaysia's insurance industry remains a good source of diversification for them, given the market's technical profitability and growth potential.

▪ Capital Requirements

Minimum paid-up share capital

Insurer	RM100 million
Local reinsurer (life)	RM50 million
Local reinsurer (non-life)	RM100 million
Minimum surplus assets over liabilities	
Licensed foreign reinsurer	RM20 million

MYR 4.03 = US$1.00 at January 1, 2021

▪ Risk Based Capital (RBC)

The Risk-Based Capital Framework applies to all insurers, including reinsurers, licensed under the Financial Services Act 2013, for business generated within and (subject to limited exceptions) outside Malaysia. The Framework was first implemented with effect from January 1, 2009.

Total capital available (TCA) is the aggregate of Tier 1 capital (such as issued and paid-up ordinary shares) and Tier 2 capital (such as cumulative irredeemable preference shares) less deductions from capital (such as goodwill, deferred tax assets and investment in subsidiaries). The total amount of Tier 2 capital must not exceed the amount of Tier 1 capital.

$$\text{CAR} = \frac{\text{Total Capital Available}}{\text{Total Capital Required}} \times 100$$

Total capital required (TCR) is the aggregate of capital charges for each insurance fund and assets in the shareholders fund/working fund. Capital charges are fixed for credit risk, market risk, insurance liability risk and operational risk or surrender value capital charges.

BNM has set a Supervisory Target Capital Level of 130%.

Each insurer must set its own Individual Target Capital Level to reflect its own risk profile. The Individual Target Capital Level must be higher than the Supervisory Target Capital Level.

▪ Compulsory Insurances

<u>Some of the key compulsory insurance required within the Malaysia insurance industry are:</u>

- *Motor Third-Party Liability Insurance*
- *Marine Liability Insurance*
- *Professional Indemnity Insurance*

▪ Taxation

The different types of taxes in the Malaysian insurance industry are tax on insurance premiums, corporate income tax, corporate capital gains tax, and value-added tax.

Corporate Income Tax: A company is resident if its management and control are in Malaysia. The new Finance Act of 2021 removed the exemption on foreign source income received by tax-resident corporations.

Effective January 1, 2022, all the tax-resident corporations and limited liability partnerships are taxed on the income derived from Malaysia and income received from outside Malaysia (Foreign sources). However, foreign-sourced dividend income received by tax-resident companies and limited liability partnerships are exempt from tax until December 2026, subject to certain conditions. All non-resident companies are exempt from tax on their foreign-sourced income.

▪ Policyholder protection

The Malaysia Deposit Insurance Corporation (MDIC) administers the Deposit Insurance System (DIS) and the Takaful and Insurance Benefits Protection System (TIPS) which protects specific benefits under life and general insurance, subject to specific limits for different classes of coverage.

▪ Reinsurance Business:

- There are no state reinsurance companies in Malaysia.
- Malaysian Re continues to dominate the non-life reinsurance and retakaful markets, it is commanding more than 60% of reinsurance accepted premium in the country.
- Bank Negara Malaysia (BNM) is the regulator responsible for regulating the onshore reinsurance sector in Malaysia, whilst the Labuan Financial Services Authority (LFSA) regulates the legislative framework within which the Labuan International Business and Financial Centre (IBFC) operates.
- The provisions of the Financial Services Act 2013 and Islamic Financial Services Act 2013 apply to reinsurers and retakaful operators in the same way as to insurers and takaful companies.
- Labuan Financial Services Authority (LFSA) regulates the legislative framework within which the Labuan International Business and Financial Centre (IBFC) operates.
- Foreign professional reinsurers are permitted to establish a branch office in Malaysia and Labuan reinsurers may have a physical presence on the mainland.
- Reinsurance companies in Labuan are required to have paid-up capital or working fund of at least MYR 10mn (USD 2.34mn) or its equivalent in any foreign currency and have a minimum solvency of MYR 10mn.

(B) Malaysia: Insurance Market Statistics & Performance

❖ General Insurance

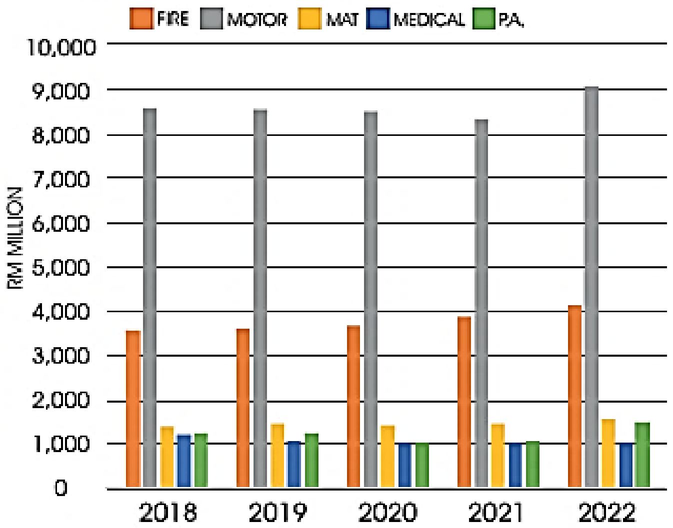
- There are currently 22 conventional insurance companies and 4 takaful providers operating in the Malaysian general (non-life) market.
- In terms of 2021 gross written premiums, the top five players account for over 45% of the segment, while the top ten account for 74 % of the market.
- General insurance business, as opposed to general takaful business, accounted for approximately 82 % of this market segment in 2021.
- Since 2014, Malaysia's insurance industry has grown at an average of 2.9% year-on-year.
- In 2021, Malaysia ranked 27th on the list of world countries ranked by gross written premium.

- Motor insurance is by far the most important line of business, accounting for 46% of the general insurance market and nearly two-thirds of the general takaful market, followed by fire insurance and health/personal accident insurance. As might be expected, the takaful market is predominantly a personal lines market, with the combined motor and health lines accounting for 75% of the market – compared to 57 % for general insurance.
- In 222 the gross written premium of the Malaysia general insurance market was MYR19.4 billion ($4.4 billion) . The market is expected to achieve a CAGR of more than 8% during 2023-2027.
- The key lines of business in the Malaysia general insurance market are property, motor, liability, miscellaneous, MAT, and non life PA&H among others. Motor insurance had the highest market share in Malaysia general insurance market in 2022. It was followed by property insurance.
- The market growth in motor insurance was supported by an increase in vehicle sales in 2022. The industry is forecast to record growth in 2023, driven by economic recovery and government initiatives to increase sales of vehicles.
- The key distribution channels in the Malaysia general insurance market are direct marketing, insurance brokers, agencies, and other distribution channels. Agencies led the distribution channels in DWP in 2022. It was followed by direct marketing.
- Some of the leading insurers in Malaysia are Allianz General, Etiqa General, MSIG Insurance, AmGeneral Insurance, and Lonpac Insurance among others. Allianz General was the leading general insurer in 2022. This was followed by Etiqa General.

GROSS WRITTEN PREMIUMS
RM (MILLION)

YEAR	MOTOR	FIRE	MAT	MEDICAL	P.A.
2018	8,474.9	3,505.9	1,330.7	1,157.1	1,211.3
2019	8,435.7	3,539.6	1,396.3	1,017.2	1,193.7
2020	8,411.9	3,611.5	1,375.4	1,000.7	994.1
2021	8,240.3	3,804.1	1,418.5	968.4	1,011.0
2022	8,989.9	4,054.3	1,510.5	976.4	1,446.2

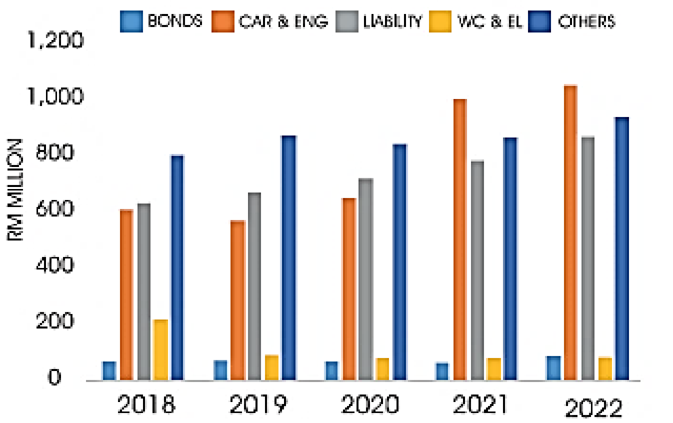
Source: ISM



GROSS WRITTEN PREMIUMS
RM (MILLION)

YEAR	BONDS	CAR & ENG	LIABILITY	WC & EL	OTHERS
2018	64.4	586.2	605.6	209.9	772.1
2019	69.7	546.9	645.6	86.4	840.0
2020	65.3	625.2	690.9	75.6	809.1
2021	63.7	962.6	756.0	77.5	831.0
2022	83.6	1,012.5	835.3	81.0	901.6

Source: ISM



Breakdown of Gross written Premium (GWP) by distribution channels

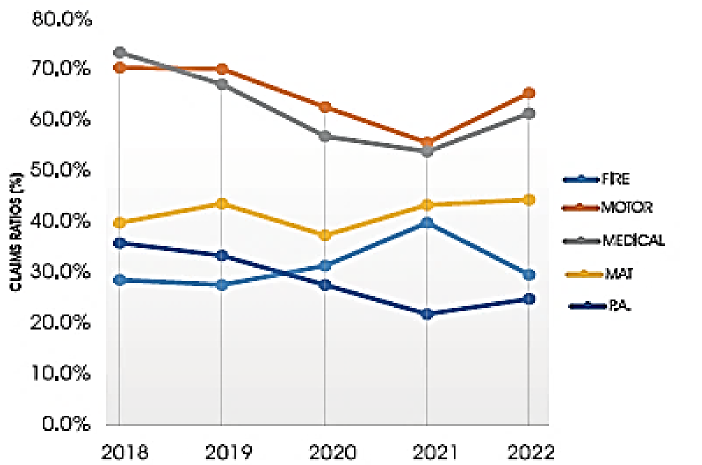
in Ringgit Malaysia

Channel / Year	Agents	Direct Business Channels	Insurance Brokers	Others	Total
2022	12.5 billion	3.2 billion	3.3 billion	0.9 billion	19.9 billion
	63%	16%	17%	4%	100%
2021	11.2 billion	3.2 billion	2.9 billion	0.8 billion	18.1 billion
	62%	18%	16%	4%	100%
2020	11.3 billion	3.1 billion	2.6 billion	0.7 billion	17.7 billion
	64%	17%	15%	4%	100%

NET CLAIMS INCURRED RATIO (%)

YEAR	FIRE	MOTOR	MEDICAL	MAT	P.A.
2018	28.7%	70.4%	73.2%	39.9%	35.9%
2019	27.6%	70.1%	67.1%	43.6%	33.3%
2020	31.4%	62.5%	56.9%	37.4%	27.6%
2021	39.0%	55.6%	53.8%	43.2%	21.6%
2022	**29.5%**	**65.3%**	**61.3%**	**44.2%**	**24.9%**

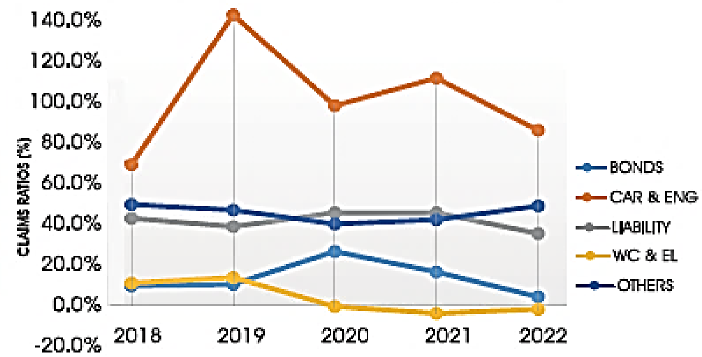
Source: ISM



NET CLAIMS INCURRED RATIO (%)

YEAR	BONDS	CAR & ENG	LIABILITY	WC & EL	OTHERS
2018	9.0%	64.3%	39.9%	9.9%	45.9%
2019	9.3%	133.0%	35.8%	12.4%	43.8%
2020	24.1%	92.3%	42.2%	-0.9%	37.1%
2021	15.1%	104.1%	42.2%	-3.9%	39.4%
2022	**3.9%**	**80.0%**	**32.9%**	**-2.0%**	**45.2%**

Source: ISM



UNDERWRITING EXPERIENCE - RM (MILLION)

YEAR	NET EARNED PREMIUM	NET CLAIMS INCURRED	NET COMMISSION	MANAGEMENT EXPENSES	UNDERWRITING RESULTS
2018	13,400.9	7,789.6	1,327.1	3,147.5	1,136.7
2019	13,374.2	7,778.0	1,330.1	3,310.3	955.8
2020	13,105.5	6,926.2	1,302.0	3,374.5	1,502.9
2021	13,080.0	6,541.0	1,302.5	3,220.5	2,016.1
2022	**13,964.2**	**7,503.2**	**1,535.1**	**3,362.2**	**1,563.7**

Source: ISM

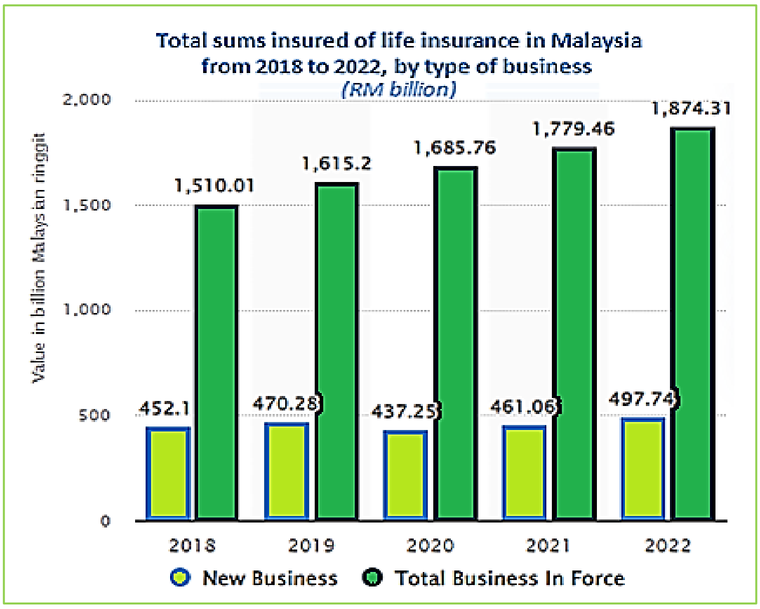
KEY RATIOS (%)

YEAR	NET CLAIMS INCURRED RATIO	NET COMM RATIO	EXPENSE RATIO	COMBINED RATIO
2018	58.1%	9.9%	23.5%	91.5%
2019	58.2%	9.9%	24.8%	92.9%
2020	52.8%	9.9%	25.7%	88.5%
2021	50.0%	10.0%	24.6%	84.6%
2022	**53.7%**	**11.0%**	**24.1%**	**88.8%**

Source: ISM

❖ Life Insurance

- Malaysia's life insurance industry has recorded a 5.3% rise in sum assured in force amounting to MYR1.9 trillion (US$431 billion) last year versus MYR1.8 trillion in 2021, said the Life Insurance Association of Malaysia (LIAM).
- In its 2022 annual report, LIAM president Loh Guat Lan said the total in force premium grew by 3.5% last year to MYR44.1 billion from MYR42.7 billion in 2021. Ms Loh stepped down on March 29 after completing a three-year stint as president.



- "(The) overall new business sum assured increased to MYR497.7 billion in 2022, an increase of 8% from MYR461.1 billion in 2021. However, the number of new policies issued fell slightly by 2.1% to 1.8 million compared with 1.9 million in 2021," she said.
- New business total premium showed a drop of 6.4% last year, which amounted to MYR12 billion compared with MYR12.8 billion in 2021, while the industry recorded a 12.7% increase in claims payout amounting to MYR13.4 billion versus MYR11.9 billion in 2021, mainly due to higher claims in medical and disability that rose by 33.7% and 20.6%, respectively.
- Ms Loh said Malaysia's insurance industry remained resilient, adapting to new market conditions and continuing to meet the needs of customers despite the challenges brought on by the pandemic.
- In addition, she said the association would be working with the Financial Industry Collective Outreach to spread financial literacy in schools across Malaysia as well as with the Credit Counselling and Debt Management Agency to embark on a financial education initiative targeted at tertiary students and working adults.

CLAIMS PAYOUT

RM/ Benefit	January to December			
	2021	2022	Difference	Growth
Death	1,830,154,284	1,814,532,683	-15,621,601	-0.9
Disability	89,540,934	107,946,280	18,405,346	20.6
Medical	4,610,672,441	6,163,799,351	1,553,126,910	33.7
Bonuses	3,346,160,919	3,162,473,293	-183,687,626	-5.5
Others	2,003,810,013	2,144,558,651	140,748,638	7.0
Total	11,880,338,591	13,393,310,258	1,512,971,667	12.7

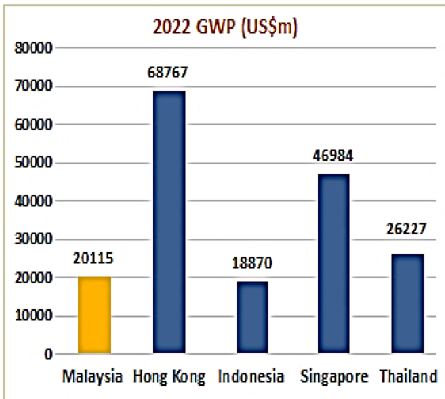
- Moving forward, she pointed out that the industry needs to identify future-ready talent and develop diverse skill sets for multi-competencies to ensure that it could future-proof the workforce to remain competitive and relevant in a rapidly changing market.
- The key lines of business in the Malaysia life insurance industry are endowment, whole life, term life, and other life insurance. Endowment was the leading life insurance line of business in 2022. The popularity of endowment insurance is driven by investment-linked policies (ILP) for better returns compared to savings products offered by banks and are used as a tool for wealth planning.
- The key distribution channels in the Malaysia life insurance industry are direct from insurer, insurance broker, financial advisor, bank, and online aggregator, among others. The purchase of life insurance policies directly from insurers was most preferred among customers in 2022.
- Some of the leading life insurance companies in Malaysia are Great Eastern Life, Prudential Assurance, AIA, Allianz Life, and Hong Leong Assurance among others. The Great Eastern Life was the largest life insurer in 2022.

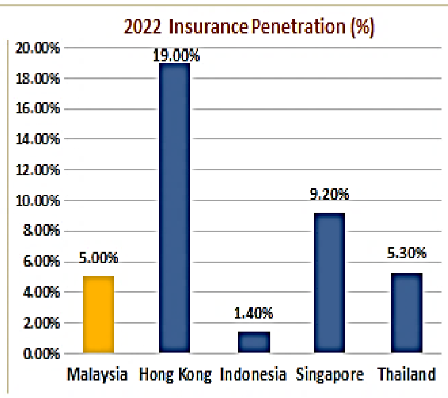
(C) Malaysia - Insurance Market: Regional Comparison

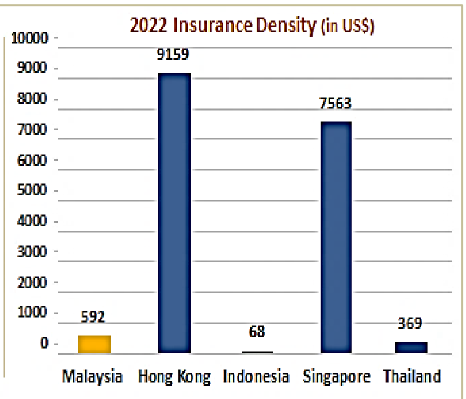
ASIA-PACIFIC INSURANCE RISK/REWARD INDEX

	Industry Rewards	Industry Rewards Non-Life	Industry Rewards Life	Country Rewards	Rewards	Industry Risk	Country Risks	Risks	Insurance Risk/ Reward Score	Rank
Singapore	83.75	75.00	92.50	71.62	78.90	95.00	77.11	84.27	80.51	1
Hong Kong, China	76.25	60.00	92.50	71.28	74.26	100.00	67.47	80.48	76.13	2
South Korea	83.75	82.50	85.00	63.16	75.51	60.00	78.25	70.95	74.15	3
Taiwan, China	78.75	75.00	82.50	59.71	71.13	70.00	75.62	73.37	71.81	4
Australia	67.50	82.50	52.50	62.08	65.33	90.00	83.97	86.38	71.65	5
Japan	77.50	72.50	82.50	53.57	67.93	65.00	81.12	74.67	69.95	6
New Zealand	52.50	60.00	45.00	67.66	58.56	90.00	80.45	84.27	66.27	7
Thailand	62.50	57.50	67.50	53.35	58.84	70.00	58.44	63.07	60.11	8
Mainland China	72.50	70.00	75.00	43.49	60.90	55.00	60.30	58.18	60.08	9
Malaysia	53.75	47.50	60.00	61.06	56.68	75.00	61.20	66.72	59.69	10
India	65.00	60.00	70.00	42.99	56.20	45.00	64.31	56.59	56.31	11
Macao, China	38.75	22.50	55.00	64.27	48.96	65.00	55.67	59.40	52.09	12
Philippines	46.25	40.00	52.50	46.40	46.31	75.00	56.21	63.72	51.53	13
Indonesia	48.75	42.50	55.00	47.68	48.32	55.00	57.12	56.27	50.71	14
Vietnam	43.75	35.00	52.50	42.53	43.26	55.00	50.14	52.08	45.91	15
Sri Lanka	21.25	20.00	22.50	40.16	28.82	45.00	45.47	45.28	33.75	16
Mongolia	11.25	15.00	7.50	48.56	26.17	40.00	53.45	48.07	32.74	17
Fiji	18.75	20.00	17.50	42.28	28.16	50.00	33.30	39.98	31.71	18
Pakistan	20.00	15.00	25.00	39.23	27.69	40.00	35.09	37.05	30.50	19
Bangladesh	21.25	22.50	20.00	36.93	27.52	20.00	45.40	35.24	29.84	20
Cambodia	7.50	15.00	0.00	41.96	21.28	40.00	30.90	34.54	25.26	21
Regional Average	50.06	47.14	52.98	52.38	50.99	61.90	59.57	60.50	53.84	

Note: May include territories, special administrative regions, provinces and autonomous regions.
Scores out of 100; higher score = lower risk. Source: Fitch Solutions







Source: SwissRe Sigma Explorer (http://www.sigma-explorer.com)

(D) Malaysia: Insurance Market SWOT Analysis

Fitch Solutions

Strengths	▪ Both segments are open to foreign multinationals that have access to global capital and provide world standard best practices. ▪ Malaysia is one of the leading global Islamic finance hubs, with expertise in specific areas, such as family takaful products and sukuk issuance. ▪ The favourable regulatory environment provides a stable business environment for existing players and new market entrants.
Weaknesses	▪ Growth in the life segment is expected to lag broader economic growth in the coming years due to the maturity of the market. ▪ Many of the local non-life companies lack scale and pricing power. ▪ Traditional life insurance products account for the vast majority of activity in the segment.
Opportunities	▪ Demand for 'risky' investments and unit-linked products appears to be steadily rising. ▪ There is scope for further consolidation in the fragmented non-life segment through acquisitions of less capitalised local players. ▪ High net worth individuals in Malaysia are growing in number. ▪ The market is underdeveloped, particularly by the standards of East Asia.
Threats	▪ As is the case in the rest of South East Asia, the potential for massive natural disasters remains a risk for nonlife insurers. ▪ Price competition will likely remain an issue in the important property insurance sub-sector. ▪ The economic impact of the Covid-19 pandemic could hinder industry uptick, with the reduction in consumer spending expected to continue. ▪ Rising inflation may pose challenges to affordability.

Source: Business Monitor Online

(E) Malaysia - Insurance Market Outlook

Data from Bank Negara Malaysia's website shows that life insurance businesses in Malaysia are mostly owned by foreign entities. As far as the locally owned entities are concerned there are only four of them, namely, Etiqa Life Insurance Bhd, Hong Leong Assurance Bhd, Axxa Affin Life Insurance Bhd and Sunlife Malaysia Assurance Bhd.

Affin Hwang said insurers would continue to face competition, high claims ratios and strict environmental, social and governance compliance pressure, including mitigating climate risks and avoiding exposure to high project risks.

As such, it maintained a “neutral” call on the insurance sector.

“In 2024, we see the scope for risks to be priced effectively under a liberalised pricing environment, while efforts to reduce fraudulent claims and safe driving could help to lower the motor claims ratio,” Affin Hwang said.

“Demand for investment-linked products (under life) may recover amid a resilient economy, stable unemployment rate and higher income level (for the Top 20 and upper middle class), but we do not expect overall profitability of the insurance companies under coverage to see a significant expansion,” it added.

“Valuation appears attractive as Allianz and Tune Protect are trading at 2024 price-to-book of 0.6 times, which is cheap compared to historical mergers and acquisitions in the insurance industry, ranging from 1.4 times to two times,” it explained.

In addition, it said Allianz and Tune Protect’s 2024 dividend yields were attractive at 6.8% and 3.3%, respectively.

TA Research said the general insurance segment was expected to remain resilient anchored by the launch of new cars and higher economic activities.

In addition, it expected a positive upward trend in policyholder’s awareness regarding flood coverage.

The outlook for the life insurance segment was also positive, it added.

“We expect the life insurance business to grow by 5% to 8% in 2024. Over the medium to longer term, we are positive on the outlook of the life business as the penetration rate in the country is relatively low (only four out of 10 Malaysians have life insurance),” it explained.

“In addition, the Rahmah package will help to address some of the added threats facing the underinsured segment and educate consumers about the importance of insurance,” it added.

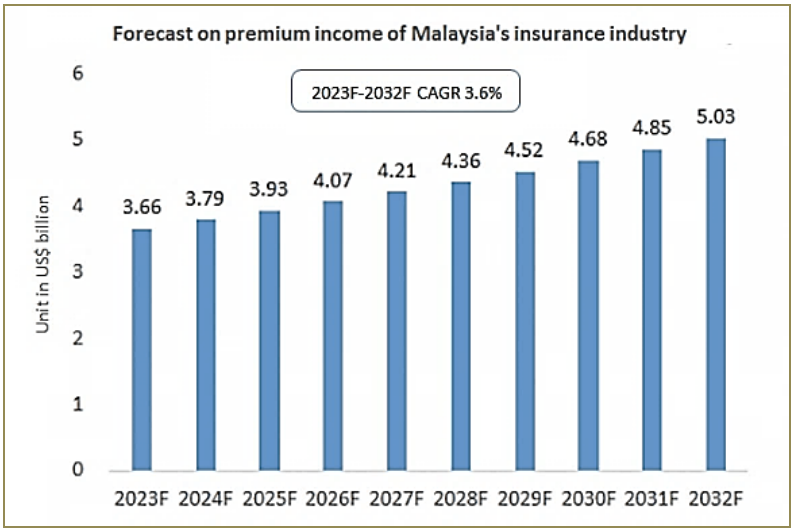
TA Research said the rebound of the tourism industry would benefit the travel industry segment.

“We are optimistic about the travel segment being driven primarily by an increase in seat capacity from AirAsia to capitalise on visa-free travel in China, Thailand and Malaysia,” it explained, adding that this should benefit Tune Protect.

According to "China Research and Intelligence" report entitled *"Malaysia Insurance Industry Research Report 2023-2032"*: Malaysia stands as the fourth largest economy in Southeast Asia, characterized by robust economic growth, which reached an impressive 8.7% in 2022.

The nation's population is approaching 32.7 million people, and it boasts a GDP per capita of $12,400.

As an upper middle-income country, Malaysia's economic landscape is heavily influenced by consumption and international trade, constituting the most crucial components of its GDP.



In 2022, Malaysia's total exports and imports reached a remarkable RM2.85 trillion, equivalent to about $627 billion, marking a substantial 27.8% year-on-year increase. This achievement marked the second consecutive year in which Malaysia surpassed the 2 trillion-ringgit threshold.

During the period from 2011 to 2021, Malaysia's total and foreign currency insurance premiums exhibited steady growth, with a Compound Annual Growth Rate (CAGR) of 3.2%. Much of this growth can be attributed to the life and takaful segment, which achieved a robust CAGR of 4.5%, resulting in an increase in penetration from 3.1% in 2011 to 3.9% in 2021.

Conversely, the general (non-life) insurance and takaful markets experienced more moderate growth, with a CAGR expansion of only 0.4% over the last decade. The automobile insurance sector significantly dominates the insurance landscape in Malaysia, representing 46% of the general insurance market and nearly two-thirds of the general takaful market. Following closely are fire insurance and health/personal accident insurance. Meanwhile, the takaful market is primarily characterized by personal lines, with automobile and health insurance collectively accounting for about 20% of the total market. These two segments hold a substantial 75% share of the takaful market, compared to 57% in the general insurance segment.

Between 2017 and 2021, Malaysia's annual premium income exhibited a fluctuating trend, experiencing a minimal CAGR of 0.03%, according to CRI's analysis. However, as the Malaysian economy gradually rebounds beyond 2022, the growth rate of premium income within the Malaysian insurance industry is expected to rise.

CRI anticipates the Malaysian insurance market will experience growth in the future. This growth will likely be driven by heightened public awareness of insurance, the increase in disposable income among the population, and the influence of insurtech, which is making insurance services more tailored and accessible.

The projection suggests that Malaysia's insurance premium income will reach $5.03 billion by 2032, growing at a Compound Annual Growth Rate (CAGR) of 3.6% from 2023 to 2032.

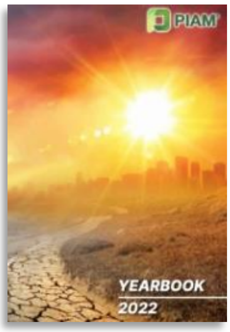
GlobalData reported that Malaysia’s general insurance market is seen to accumulate about $6.6b by 2027. In 2022, the industry saw $4.4b in direct written premiums. If realised, this would make it an 8.3% climb.

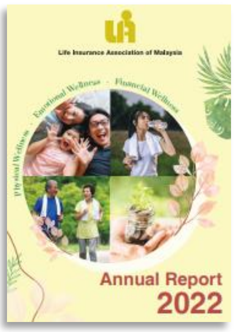
Mainly, it will be driven by sales in automobiles and the development of infrastructure, boosting the motor and property coverages. Malaysia’s motor and property insurance accounted for 71% of the total general premiums in the country last year.

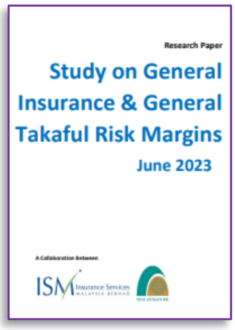
“The general insurance industry in Malaysia grew by 10% in 2022, which is higher than the average growth during the last five years,” Sutirtha Dutta, insurance analyst at GlobalData, pointed out. “The growth is attributed to increasing health awareness, the introduction of flood cover for property and motor lines, and an uptick in the output for the manufacturing and mining sectors, which has benefitted property insurance.”

Malaysia exhibits an insurance penetration of approximately 5.6% of the economy's gross domestic product (GDP). However, this still falls short of the global average of 7%, which can be a signal for significant growth opportunities.

References & Further Readings

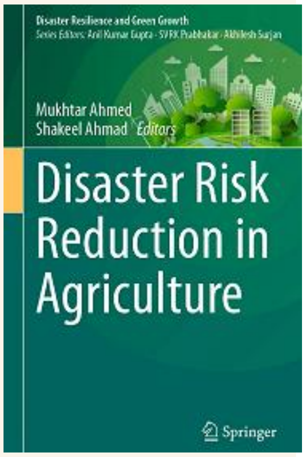






Book Review

Title: **Disaster Risk Reduction in Agriculture**
Edited by: Mukhtar Ahmed, Shakeel Ahmad
Publisher: Springer ***Publishing Date:*** 2023 ***Number of Pages:*** 585
Keywords Climate change | Agriculture | Disaster risk reduction | Food Security | Insurance



This book is related to disaster risk reduction in agriculture particularly under changing climate. Climate change refers to significant, long-term changes in the global climate. There is unequivocal evidence that Earth is warming at an unprecedented rate. Human activity is the principal cause. The planets average surface temperature has risen to about 1oC since the late 19th century and most of the warming occurred in the past 40 years. The years 2016 and 2020 are tied for the warmest year on the record. Similarly, other evidence of rapid climate change includes warming of oceans, shrinking of ice sheets, retreating glaciers, decreasing snow cover, rising of sea level, declining artic sea ice, increased frequency of extreme events, ocean acidification and loss of biodiversity. Hence, climate change impacts, both extreme weather and slow-onset events, have impacted several sectors of the national economies and activities, in particular agriculture and food production, augmented by other challenges be it geopolitical, cost of finance or supply chain related, and in a time of increased food insecurity. Without CO2 fertilization, effective adaptation, and genetic improvement, each degree-Celsius increase in global mean temperature would, on average, reduce global yields of wheat by 6.0%, rice by 3.2%, maize by 7.4%, and soybean by 3.1%. Hence this book is useful as a study material to teach in the field of agriculture and climate change. The book is useful for instructors and postgraduate as well as undergraduate students involved in the study of climate change. The book also provide guidance to multiple stakeholders to design mitigation and adaptation efforts to climate change and ensure food security in the developing world.

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